

City of Berlin, NH
Annual Report
Fiscal Year 2003



The City That Trees Built

12-10-01
F
V.
- 691
2002-

Berlin, NH
July 1, 2001 to June 30, 2002

"We'll Neber Forget"



Mayor and City Council

Robert Danderson, **Mayor**

Ward I

Timothy P. Donovan, Sr.
Beverly Ingersoll

Ward II

Martha Danderson
Richard A. Lafleur

Ward III

David D. Morin
Raymond Chagnon

Ward IV

Paul R. Grenier
Richard E. Roy

Robert Théberge, **City Manager**

LOCAL GOVERNMENT OFFICES



City offices include:

AIRPORT	449-2168	<i>Eric Kaminsky, Airport Manager</i>
ASSESSOR'S	752-5245	<i>Susan Warren, Assessor Supervisor</i>
CITY CLERK	752-2340	<i>Debra Patrick, City Clerk</i>
CITY MANAGER	752-7532	<i>Patrick MacQueen, City Manager</i>
COMMUNITY SERVICES DIVISION		<i>Laura Lee Viger, Community Services Director</i>
■ HEALTH	752-1272	
■ RECREATION	752-2010	
■ WELFARE	752-2120	<i>Angela Martin Giroux, Welfare Director</i>
■ LIBRARY	752-5210	<i>Denise Jensen, Head Librarian</i>
ENGINEERING	752-8551	<i>James Wheeler, Public Works Director/City Engineer</i>
■ PUBLIC WORKS	752-4450	
■ GARAGE	752-1460	
FINANCE/COLLECTIONS	752-1610	<i>Blandine Shallow, Finance Director</i>
FIRE DEPARTMENT	752-3131	<i>Randall Trull, Fire Chief</i>
EMERGENCY	911	
■ INSPECTION DIVISION	752-1630	<i>Maurice Lavertue, Building Inspector</i>
PLANNING	752-1630	<i>Pamela Laflamme, City Planner</i>
POLICE DEPT	752-3131	<i>Peter Morency, Police Chief</i>
EMERGENCY	911	
SCHOOL DEPT	752-6500	<i>R. Bruce MacKay, Superintendent</i>
WASTE WATER TREATMENT	752-8563	<i>Mickey Therriault, Superintendent</i>
WATER WORKS	752-1677	<i>Roland Viens, Superintendent</i>

TABLE OF CONTENTS

City Manager's Report	Page 1
City Clerk's Report	Page 2
Assessing Department Report	Page 3
Public Works, Engineering & Waste Water Treatment Report	Page 5
Water Works Report	Page 7
Planning Department Report	Page 9
Berlin Housing Authority	Page 10
Community Services Division	
Health Department Report	Page 11
Welfare Department Report	Page 13
Library Report	Page 15
Recreation & Parks Report	Page 17
Public Schools Report	Page 19
Police Department Report	Page 21
Fire Department Report	Page 23
Berlin Municipal Airport	Page 24
Economic Development Report	Page 25
Finance/Collections Report	Page 25
Tax Collector's Report	Page 26
Auditor's Report	Page 27

ANNUAL REPORT PREPARED BY:

Susan Tremblay, Administrative Assistant

City Manager's Office

Photo Credits to: Sarah Knox, Tom Rideout, Berlin Reporter

Barbara Tetreault & Pam Bouchard, Berlin Daily Sun

Report printed by: Berlin High School Graphic Arts, Senior and Junior Classes

CITY MANAGER'S REPORT

Fiscal year 2002 started with the City anticipating additional revenues from Pulp and Paper of America in the form of interest due on their property taxes in the City. As the summer months went on, it became obvious that there would be no tax payments from the company. Several times in August, PPA failed to make payroll; vendors and loggers were not paid for their goods.

In August, 850 mill workers were laid off from their jobs. September 10, 2001, Pulp and Paper of America filed for bankruptcy in a Delaware court. The City, through its attorneys, hired a bankruptcy lawyer in Delaware to look out for the North Country's interests. It became a goal of Berlin, Gorham and the State to keep the mill's assets together to make it more attractive to a buyer.

To continue operation, the City was forced to cut 8% from its budget to account for the taxes that it could no longer expect to receive from Pulp and Paper of America. Berlin was offered a low interest tax anticipation loan from the State but Councillors were reluctant to accept the funds because of the uncertainty surrounding the tax revenues. Department heads and City employees did an amazing job, keeping services to the citizens stable with the reduction in funding.

In May of 2002, Fraser Papers, a division of Nexfor acquired the mill assets, to include the Burgess mill in Berlin, Cascade mill in Gorham and the hydros that were held by PPA. As part of the sale, the City settled for \$6,179,000 of back taxes, ending one of the most fiscally trying years in Berlin's history.



Fraser initially came in with a plan to rehire approximately 50 of the laid off mill workers and, as the paper machines in Cascade were started, more employees would be hired. The Burgess mill in Berlin has to undergo extensive work and projections indicate an early 2003 startup.

Early this year, Aline Boucher, City Comptroller, announced her retirement. Mrs. Boucher had been employed with the City for 42 years. She began working in the Finance Department during Laurier Lamontagne's tenure as Mayor and had been with the City through the administrations of 18 mayors, and seven city managers. We thank her for her very dedicated years of service and wish her the best in retirement.

Blandine Shallow was hired as the City's Finance Director. She comes to Berlin with several years of municipal and county experience.

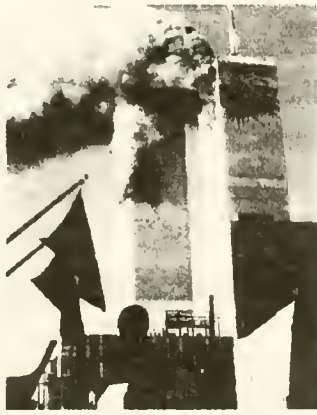
Yvonne Thomas, Library Director also retired during this fiscal year. She served the City for 24 years. Due to the financial situation in Berlin, the Council opted not to fill the Library Director position until funding became available. Mrs. Thomas continued to provide service and expertise to the Library as a volunteer. She is to be commended both for her years of service and for the volunteer effort in a critical time.

In August of 2001, and after a long search, Randall Trull was hired as Berlin's Fire Chief. He moved to Berlin from Louisiana with his family. He comes highly qualified with sixteen years of experience, to fill this important position.

In a year of turmoil, it is appropriate to thank department heads for their professionalism, employees for their flexibility and citizens for their patience. Together, they have made the best of a tumultuous year.

Mayor Danderson accepts a check for \$6,179,000 from Fraser Papers, marking the end of an economic crisis in Berlin.

Photo by: Pam Bouchard, *Berlin Daily Sun*



CITY CLERK'S DEPARTMENT

September 11, 2001 will be remembered by many of us as a day that changed our lives. Not only were several lives changed but many attitudes were changed as well. A renewed sense of patriotism was strengthened. Freedom was no longer something we take for granted. In all the turmoil our country was facing after that day, Berlin was facing a turmoil of its own. Our bread and butter was taken from us when the PPA Mill closed its doors in September. Over 800 mill workers were out of work. The City was in a bad financial state. Several agencies and surrounding communities came to our rescue with donations. State and local officials worked hard to find a buyer for the mill and they were successful.

REGISTERED VOTERS

Ward	I	II	III	IV
Dem	501	476	606	503
Rep	209	219	416	133
Ind	476	507	374	452

Total Registered: 4,872

VITAL RECORDS

Vital Records is perhaps the most integral function of the City Clerk's Office. Births, deaths and marriages are recorded there and certified copies of such are issued through that department. The City Clerk's Office is now on line with the State of NH on the VRV 2000 Program. This program allows our office to issue vital records that occurred in other participating VRV 2000 communities for the convenience of our customers.

YEARS	99/00	00/01	01/02
Marriages	61	75	59
Births	149	102	89
Deaths	177	155	162

The following Ordinances and Resolutions which govern city policy were passed:

ORDINANCES

- 2002.01: Repealing Excavation Ordinance
- 2002.02: Main/High St Handicap Parking (2)
- 2002.03: Main St Bus Stop

RESOLUTIONS

- 2001.20: PD Grant/School Resource Officer
- 2001.21: Legal Services (\$12,000)
- 2001.22: Hydro Acquisition Consult. Svcs (\$10,787)
- 2001.23: PD Law Enforcement Block Grant
- 2001.24: Segregated Funds
- 2001.25: FD Master Lease Purchase Agreement
- 2001.26: FD Bucket Truck Account Transfers
- 2001.27: Hillside Ave Sidewalk Replace/Improve.
- 2001.28: B&G Joint Economic Development Efforts
- 2001.29: Reducing FY'02 Budget by \$1,956,021.00
- 2001.30: AVER Corporation
- 2001.31: Segregated Fund Reduction by \$997,097.
- 2001.32: Bond Anticipation Notes to State of NH
- 2002.01: Segregate Sewer User Cost Replace Fund
- 2002.02: Increase Education Project Appropriation
- 2002.03: FD Call Firefighter Physicals
- 2002.04: Plan NH Design Assistance Grant
- 2002.05: NFHP EDI Grant App. \$399,120
- 2002.06: BWW SRLF Water System Improvements
- 2002.07: BWW EPA Water System Improvements
- 2002.08: Special Election Services/Expenses \$6,000
- 2002.09: FD Training Program
- 2002.10: PD Highway Safety Project Grant
- 2002.11: TANS to State of NH \$2,000,000
- 2002.12: Legal Services \$47,471
- 2002.13: SRLFWastewater Treatment Plant Upgrade
- 2002.14: USDAWastewaterTreatment Plant Upgrade
- 2002.15: BWW USDA Water System Improvements'
- 2002.16: Federal Prison Feasibility in Berlin Study
- 2002.17: Legal Services \$16,037
- 2002.18: Pension Plan #8 Amendment
- 2002.19: Pension Plan #9 Amendment
- 2002.20: Bond Pay McKenzie v. COB \$1,210,000
- 2002.21: PWD Summer Maintenance/Hires
- 2002.22: MRI Audit \$10,000
- 2002.23: BIDPA Purchase Rochester Shoe Tree
- 2002.24: Legal Services \$69,879 Smith Hydro
- 2002.25: Legal Services \$27,978
- 2002.26: Wastewater Treatment Facility Upgrade
- 2002.27: FY'03 Budget \$25,259,750

Respectfully submitted,
Debra A. Patrick, CMC
City Clerk

ASSESSING OFFICE



The date of September 11, 2001 has been embedded in the minds of US citizens as a difficult time for the nation. The acts of terrorism on the USA did not deter the patriotism of the nation. We mourned the loss of innocent lives but we demonstrated that this would not defeat us.

The closing of the mill in Berlin in the summer of 2001 was devastating to the city and mill employees. As the largest employer in the City, the closing was felt by many. The citizens of the City have proven that they too would not be defeated. Concerned citizens formed groups to look at reinvestment in the City and methods of attracting new businesses and industries to the region. Berlin and Gorham have both worked together to ascertain that the mills and hydro operations would be acquired by another concern as soon as possible. Both made concessions that allowed the process to proceed in a timely way. Though the mill in Berlin has not opened as yet, the Gorham mill was started and many employees have been rehired. Because of this and the efforts of many dedicated individuals, the economic future looks more promising for the workforce in both communities and surrounding areas also affected by the closing.

We, the Berlin Board of Assessors, will continue to maintain our open door policy for taxpayers with questions or problems regarding assessments and assessment procedures. In order to address issues involving fair assessment and the revaluation, the Board of Assessors will meet regularly and make every attempt to stay appraised of all changes to the RSA laws that govern this office. Due to the enactment of the State Education Tax and the removal of the DRA appraisers from assessing work, the City has contracted

with Avitar. According to new Assessment rules, all communities will be certified every five years. We are scheduled for certification in 2005. Toward that end, the Board is reviewing the requirements and implementing changes necessary in order to comply with the new regulations.

One taxpayer (Portland Natural Gas & Transmission Systems) had pursued the right to appeal with Superior Court for tax year 1999. That appeal was resolved and an agreement was signed in December 2001 and will be in effect until the next city wide revaluation or tax year 2006, whichever occurs later. There were eight application for abatement forms filed at the local level for tax year 2001. They were reviewed by the Avitar appraiser and recommendations were made to the Board of Assessors. It is unknown at this time how many will pursue their case further to the Board of Tax & Land Appeals or Superior Court as the filing deadline is September 1, 2002.

All deeds received from the Registry of Deeds in Lancaster, subdivisions and lot mergers approved by the Planning Board, notices of demolitions and new construction are sent to Cartographics for updating of the City tax maps and the data base maintained by them. Any map with a physical change is then printed and sent to us. These maps are used by this office, with copies given to the Engineering and Planning Departments. These maps are available for public use as well as for all City Departments.

Some of the duties of the Board include maintaining property records, assuring that all taxable property is being accurately reported and properly appraised, reviewing applications for current use, elderly and blind exemptions and veteran tax credit.

The Board of Assessors is committed to quality and excellence in government and will continue to respond to requests for changes that occur due to budgetary constraints, public needs, and new legislation.

Sincerely,
BOARD OF ASSESSORS

Paul Croteau, CHAIRMAN

Robert Pelchat, MEMBER

Steve Laroche, MEMBER

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2001 & 2002

	APRIL 1, 2001	APRIL 1, 2002
Land	\$ 26,949,932.	\$ 26,984,282.
Building	235,420,472.	175,703,900.
Public Utilities	67,844,087.*	69,542,000.*
GROSS VALUATION	\$ 330,214,491.	\$ 272,230,182.
Blind Exemptions	356,200.	311,200.
Elderly Exemptions	3,633,100.	2,869,725.
Physically Handicapped Ex	20,800.	20,800.
Water/Air Poll. Cont. Exem.	35,865,168.	3,258,583.
TOTAL EXEMPTIONS	\$ 39,875,268.	\$ 6,460,308.
NET VALUATION W/UTILITIES	\$ 290,339,223.*	\$ 265,769,874.*

EXEMPTIONS GRANTED

TYPE	APRIL 1, 2001		APRIL 1, 2002	
Elderly	182	\$ 161,382.	142	\$ 127,473.
Blind	27	15,822	21	13,824
Physically Handicap	5	924	5	924
Water/Air Poll. Cont.	5	1,593,131	5	144,746
Veterans	796	46,935.	736	45,052.

OTHER ACTIVITIES

TYPE	APRIL 1, 2001		APRIL 1, 2002	
Yield Tax	08	21,305.23	10	13,313.24
Property Transfers Processed	364		346	

The total, prior to veteran tax credit, to be collected for tax year 2002 from City, Local School and County tax is \$9,565,206.00 and the amount to be collected from the new State Education Tax is \$1,654,053.00 The State Education Tax rate for tax year 2002 is \$ 8.43 per thousand and all other taxes total \$ 35.99 per thousand. Utilities valuations are not taxed locally for the State Education portion.

PUBLIC WORKS, ENGINEERING AND WASTEWATER TREATMENT

Wastewater Treatment Facility

→The Wastewater Treatment Facility treated 705 million gallons of sanitary sewer flow, and 216,100 gallons of septage waste during the fiscal year. 1566 tons of municipal sludge were generated at the Wastewater Treatment Facility and were deposited at the Mt. Carberry Landfill.

→A \$9 million dollar upgrade is currently in the design phase for the Wastewater Treatment Facility and six pumping stations. This upgrade will replace equipment that has reached its useful life. The upgrade will also make use of new technology that has been developed since the treatment facility was built 23 years ago. This upgrade will position the Wastewater Treatment Facility to serve the City of Berlin for the next twenty years.

Utility Infrastructure Upgrades

→There were significant water main replacements during the fiscal year. These projects are predominantly administered through the Berlin Water Works. Because the water main replacements impact sewers, drains, sidewalks and streets, there is a significant amount of coordinated effort between the Engineering/Public Works Departments, the Berlin Water Works and contractors. Much of this time is spent answering questions about existing utilities and reviewing repair work on damaged facilities. A significant amount of time is also spent on review and inspection of street restoration associated with the utility excavations.

In addition, pre- and post-construction video taping of sewer and drain lines identified problem areas in various pipe sections. These problem areas were repaired before final street restoration. This work included approximately 93 feet of 8 inch pvc drain line on Rouleau Road. This work was done at a cost of \$8404.96. Funding for this work came from Sewer User Revenues. Significantly less work was done this year than in past years. This was due to a mandate by the City Council to freeze spending. This mandate was the result of the paper mill closure.

Solid Waste

→The East Milan Road Landfill closure was substantially completed in October of 1996. Closure of the landfill launched the 39 year post closure monitoring program. Groundwater quality and methane gas production was monitored in accordance with the program.

→The Cates Hill Landfill Closure project was put on hold due to the financial implications of the mill closure. The project is slated for bidding in 2003.

Transportation

→Street Markings

Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year. The cost of this work was approximately \$6,260. The work included approximately 200,000 linear feet of striping and 17 railroad crossings.

City Hall Security Project

→Construction of security improvements at City Hall was substantially completed by Couture Construction Corporation of Berlin. The low bid price for the project was \$97,183.

Retaining Wall Replacements

→Hillside Ave. and School St. - The City put this project out to bid and received a low bid of \$178,625 from Couture Construction Corporation of Berlin. The project was awarded to the low bidder and the work was started in June of 2001 and was substantially completed in October of 2001.

→Jolbert St. - a retaining wall was replaced at the intersection of Jolbert St. and Second Ave. During April, May and June of 2002. The replacement was completed for \$13,300.

Public Works Department Sub-contracting Effort

→The closure of the pulp and paper mills brought on a significant financial crisis. In order to overcome lost revenue, the City Council implemented a cost cutting mandate to City departments. An accepted alternative to cost cutting was revenue generation. During the Fall of 2001, the Public Works Dept. subcontracted its personnel and equipment to general contractors who were doing major construction projects in the City. The Department was able to generate \$112,053.84 worth of revenue. This

enabled the department to avoid layoffs and keep routine and emergency services intact and operational.

Capital Equipment Purchases for the Public Works Department

→ There were no capital equipment purchases for the fiscal period due to the financial crisis brought on by the paper mill closure

Public Works Services

→ The Public Works Department provides a number of services to the citizens of Berlin. They include: the maintenance of approximately 60 miles of streets and many more miles of sidewalks that need to be swept, patched and overlaid. We also provide snow removal, street striping, street marking, the fabrication and installation of street and traffic signs. We construct retaining walls, install guard rails and guard fence.

We provide citizens with weekly garbage removal and an annual Christmas tree pick up. We maintain sewerage and storm water collection systems. We provide equipment maintenance for all of the Public Works, Fire, Recreation, Health, Police and Engineering Departments as well as the Berlin Municipal Airport.

We maintain gas and fuel distribution. We also provide 146 sand and salt barrels for winter use.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. We periodically seal concrete sidewalks, retaining walls and bridge abutments. Members of the Department also provided utility information and project inspection for water and sewer capital improvement projects.

ITEMIZED LIST OF VARIOUS WORK AND MATERIAL ITEMS

Asphalt paving	1,024 tons
Installed new curbing	2420'
Installed new sidewalk	320'
Repaired catch basins & manholes	10
Rebuilt manholes & catch basins	9
New catch basins & manholes	3
Adjusted Manhole Frames and Covers	36
Replaced drain lines & new drain lines	124'
Replaced sewer lines	180'
Replaced service lines	60'
Televised Sewer and Drain Lines	100'
Catch basins cleaned by machine	609
Salt for winter use	2,033 tons
Sand for winter use	2,849 tons
Responded to Main Line Sewer Calls	11
Responded to Private Sewer Calls	26

Respectfully submitted by,
James A. Wheeler, P.E.
Director of Public Works/City Engineer

BERLIN WATER WORKS



Water Commissioners for this report period were Richard P. Fournier, Robert A. Delisle, Paul W. Poulin and David J. Bertrand; Ex-officio member was Mayor Robert A. Danderson.

Total water entering the distribution system for the Fiscal Year was 343,608,754 gallons for an average day use of .9 million gallons or a 35% decrease from the previous record low year. The running water program did not officially start for all of the running water customers. It was a very mild winter. We had only 109 customers running water to prevent freezing of water pipes starting on February 12, 2002 and ending on April 1, 2002. There have been significant efforts made to continue to reduce the number of running water customers, of which there were 1003 in the winter of 2000-2001. We have worked on the conversion of 138 water meters from visual read to touch read in the past year; to date 2204 of 3500 are completed. All hydrants were flushed in the fall and spring. A new flushing program was started in spring of 2002. The flushing order of hydrants was revised and each hydrant was measured for flow, static pressure and residual pressure. The spring flushing program began on May 13, 2002 and was completed in June 2002.

Our lead and copper water sampling program has revealed that we must still modify our present corrosion control program to further reduce first draw lead levels in the water taken at faucets having no flow for a period of at least six hours. Please note that the water leaving the Water Treatment Plant is free of lead and copper and that the results are attributed to possibly old portions of the distribution system or customer pipes and dead end lines. Water sampling will continue to monitor lead levels. All customers received a Lead Alert Notice with their October 2001 water bill. Water quality report for calendar year 2001 was distributed to all water customers as a bill stuffer in the April 2002 billing. National Drinking Water Week, May 6 to May 10, 2002 was celebrated again with an open house held at the Ammonoosuc Treatment Facility. Mayor Danderson signed a

proclamation to honor National Drinking Water Week. Several dignitaries were invited to the Open House as well as local school children. Richard Skarinka from NH Department of Environmental Services participated on the local Forum Talk Show with Superintendent Viens to provide information and answer questions about drinking water.

Berlin Water Works crew extended the high pressure area from Twelfth and Sweden Streets through Williamson Avenue and Pine Island Avenue.

The final paving and punch lists on BWW 99-2, BWW 99-3, BWW 00-1 and BWW 00-3 were completed. The USDA RUD project BWW 00-4 progressed with the ongoing construction of the new Coulombe Pond Storage Tank and 10,300 feet of water main installations in the southwestern avenues of the City. Both of these projects were performed by Paragon Construction Inc. of Orford, NH. At the beginning of the 2002 construction season, 2.8 miles of 2 inch diameter water mains remained in the distribution system.

Water Main projects BWW 01-1 and BWW 01-2A contracts were signed with SFC Engineering Partnership, Inc. for replacement and improvement to water mains including hydrants and appurtenances. Paragon Construction Inc. was awarded the construction bid for both of the projects. The total footage for the projects is 15,520 feet or 2.93 miles. BWW 01-1 is being funded by a NH State Revolving Loan in the amount of \$1,769,852.00 and BWW 01-2A in the amount of \$1,173,030.00 is being funded by an EPA grant. An additional \$60,000 in grant funds was added to the BWW 01-2A contract applied for February 6, 2002.

Godfrey Dam improvements contract was signed with SFC Engineering Partnership, Inc. and the construction bid was awarded to Bancroft Contracting Corp. A Bridgestone flash board system and a Seada communication and control system will be installed in the fall of 2002. This project will upgrade the dam to compliance with NHDES requirements. The project will also reduce BWW operational cost by eliminating the need to cut ice and plowing during the winter months.

The Board of Water commissioners voted to no

longer allow abatement for filling a swimming pool. They also voted to institute a fire protection quarterly bill to all well customers in the City of Berlin. The issue is one of fairness as some of the well customers have been paying the fire protection fee for years. The billing amounts to \$5.00 per unit per quarter and a customer charge of \$2.05. Berlin Water Works had the input of the Fire Department in making the decision to charge all residents with wells, as all fires are fought with water taken from the Berlin Water Works Distribution System by hose to hydrant or tanker trucks.

At the suggestion of Berlin Water Works employees, plans are underway to form a partnership between the Berlin Water Works and the NH Community Technical College for the use of the Androscoggin Treatment Plant facility as a training facility for the Water and Waste Water Treatment Technology programs at the college.

Plans are underway to study for replacement of the Hutchins Street 16' transmission line, following a leak on May 29, 2002. The Board also authorized the solicitation of a proposal from York Land Services for a survey at the end of Lancaster Street to Mercier Street as a possible relocation of the pipeline. York Land Services is also completing a survey from McGee Street to Cates Hill Road for a new water main to connect the Ramsey Hill tank area to the Cates Hill booster area.

The closing of the pulp mill in Berlin required some changes at the Berlin Water Works in order to reduce cost and/or increase revenues. As a result of the closing of the mill, the BWW work force has been reduced through retirements and normal attrition. Also the Board of Water Commissioners approved the charge of \$30.00 for Resident Engineering Services on the awarded water main projects. Berlin Water Works employees will perform the resident inspection services whenever qualified BWW personnel are available.

The BWW in conjunction with the Berlin High School Building Trades program built the new Hill Street pump station at the intersection of Second Avenue and Hill Street with the cooperation of the USDA Rural Development funding agency.

Robert L. Vachon, CPA of Vachon, Clukay & Co., PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2002. Our FY 2003 budget, as presented to the Commissioners May 29, 2002 budget hearing provided \$1,344,210 for operations and \$1,496,415 for water bond and loan debt, and was approved in June 2002. A State surface water filtration grant payment in the amount of \$275,388.59 was applied for in June 2002 for the State's share of water bond debt required for the surface water treatment rule infrastructure improvements.

The resolution to apply for a Rural Development Grant and loan was approved by the Berlin City Council on May 6, 2002. Berlin Water Works submitted the application for \$3.6 million on May 8, 2002 to Greg MacPherson of Rural Development. The Berlin City Council, in a resolution approved June 17, 2002, authorized the sixth NH State Revolving Loan application in the amount of \$2 million.

Thanks to all Berlin Water Works employees, Water Works Commissioners, the Honorable Mayor, Robert Danderson, and the City of Berlin for their continued support for the past year. The Berlin Water Works has completed and is working on significant improvements that will improve our water system and reduce our operating cost.

Roland L. Viens, P.E.
Superintendent



One of the views from the trail connecting Glen Avenue to the Tondreau parking lot - photo by Hannah Taylor

PLANNING DEPARTMENT

Fiscal year 2002 brought a renewed sense of investment and development in our City. The planning department has been part of many exciting projects undertaken in the past year. They have formed partnerships with many agencies and this is a promising step forward in the revitalization of our City. The events of the past year nationally and locally have forced us to think differently about Berlin and to take a new approach in planning for our future.

Berlin was chosen as one of three communities to be part of a design charrette that focused on Glen Avenue. As a gateway into our community in need of rehabilitation, Glen Avenue was the center of a weekend of ideas, designs, and discussion. A series of options was presented and given to the City to work with for rehabilitation of the avenue. The results of the Charrette were positive and will be



expanded upon with the application of a Community Development Block Grant next year. The Berlin Housing Authority is partnering with the planning department on this undertaking and has brought a great deal of enthusiasm to the project.

The City successfully applied for a Transportation Enhancement Program grant that will allow for new sidewalks on upper Hillside Avenue. This grant gives the City eighty percent of the project costs needed for the installation of concrete sidewalks with granite curbing. The present sidewalks are far beyond their useful life-span and the new ones will make it safer for all pedestrians who use the sidewalks every day.

The Berlin Industrial Development and Park Authority (BIDPA) purchased a building in the Industrial Park and welcomed a new business to the area. Hexaport North is leasing the building from BIDPA and employs twelve people; they manufacture steel framing. BIDPA continues to work hard to attract both industrial and commercial development to the City. The board has successfully recruited new members and is eager to continue expanding its role in the region.

The planning department has been able to partner in many other projects this year that has been very pro-active in planning for the future. There are projects involving downtown revitalization, transportation improvements, rehabilitation of housing, and the creation of a riverwalk. These are just a few of the projects on the horizon. Any citizen wishing to participate can come forward to volunteer for one of the many boards in the community. The Planning Department is home to the Planning Board, Zoning Board of Adjustment, and the Berlin Industrial Development and Park Authority. All three boards encourage citizen involvement and welcome the community to participate or observe during their meetings.

Without the dedication of the individuals who serve on these boards, the department could not function. Many hard-working members of your community spend hours helping to make Berlin better. The City still has much work to do and thanks these individuals for their commitment. The outlook for the next year is brighter and though the events of the past year play a role in how we move on, the planning department looks forward to working with the community and the region.

Respectfully submitted,
Pamela E. Laflamme
City Planner

Zoning Officer: Ron Baillargeon
Planning Board Chair: Lucien Langlois
ZBA Chair: Ronald Cote
BIDPA Chair: Richard Huot

Berlin Housing Authority

In FY 2002 Berlin Housing Authority, in partnership with Tri County Community Action, completed a major window conversion for all residential buildings. This will result in ease of use and an increase in tenant comfort.

The 2002 Payment in Lieu of Taxes (PILT) was \$10,616.52. The Housing Authority has funded its PILT for 30 years and encourages other nonprofits to do the same.

The Authority was one of the first contributors to the Cote Block Housing Study. This \$10,000 donation authorized by the Commissioners was freely given and requires no payback.

BHA completed the weatherization of 3 residential buildings. Four more residential buildings are slated for completion in the new FY. Tri County CAP provided critical technical assistance, testing and remediation. Energy conservation remains a high priority. A grant from PSNH enabled BHA to change out 80 fluorescent lights to more efficient fixtures.

A strategic alliance between the City Planner and BHA has resulted in a joint effort to rehabilitate part of Glen Avenue. The Neighborhood Reinvestment group spearheaded the selection and the first target area. Chair David Morin continues to guide the group from conception to implementation.



Berlin Housing Authority performed 412 housing inspections in the Berlin area. BHA surveys approximately 9% of the City's housing stock on a regular basis applying HUD Housing Quality Standards.

St. Regis has begun a quarter of a million dollar upgrade. PSNH provided financial incentive to purchase an evaporative cooler with built in energy efficiency measures. St Regis' 42 units continue to operate at close to 100% lease-up.

BHA benefits from a caring and astute Board of Commissioners. The Chair has been with the group since 1963 and provides invaluable perspective while applying this knowledge to recent events. Commissioner expertise includes real estate, economic development, community service and a program consumer.

Assets		
Assets	2001	2002
Cash	\$328,233.00	\$138,895.00
Security deposits	\$10,653.00	\$11,688.00
Accounts Rec. St. Regis House	\$2,843.00	\$5,086.00
Accounts Rec Other		\$134.00
Investments	\$630,687.00	\$618,013.00
Prepaid insurance	\$2,199.00	\$5,120.00
Accrued Interest Receivable	\$15,715.00	\$7,922.00
Land structures & equipment	\$441,746.00	\$499,367.00
TOTAL ASSETS	\$1,432,076.00	\$1,286,295.00
Liabilities		
Liabilities	2001	2002
Accounts Payable HUD	\$192,174.00	\$42,073.00
Accrued Liabilities	\$24,777.00	\$33,161.00
Other Liabilities	\$5,721.00	\$6,077.00
Prepaid HUD contributions (net)	\$91,665.00	\$0.00
TOTAL LIABILITIES	\$314,337.00	\$81,311.00
Equity		
TOTAL EQUITY	\$1,117,739.00	\$1,204,984.00
Total		
TOTAL LIABILITIES AND EQUITY	\$1,432,076.00	\$1,286,295.00

Respectfully Submitted,

Mary Jo Landry
Director, Berlin Housing Authority

COMMUNITY SERVICES DIVISION BERLIN PUBLIC HEALTH SERVICES AND HOME HEALTH VISITING NURSING



The past fiscal year for the Berlin Public Health and Visiting Nursing program of the City of Berlin was one of challenge, change, and successes. In a world filled with challenge and change, both on a local level and a global level, this department faced a number of challenges and succeeded.

Through the late summer and early fall, the closure of the local paper mill put all of us under great pressure and challenge. Working as a team player, the health department provided support to a variety of people, other city departments, unemployed workers, and others in the community whose lives changed after our major employer closed. The department was involved in recruitment of donations and contributions to support the health needs of the community as well as problem solving to insure that our own financial condition remained intact to allow us the ability to continue to provide our primary services.

On the 11th of September the world changed with a brutal act of violence against humanity and sensibility when terrorist acted at the World Trade Center. The world of public health and emergency management faced one of its most dynamic times in recent history. The trauma and shock of this horrible event taught us many things about our current system of public health and emergency management nationally, regionally, and locally.

The Emergency Management Committee, under the direction of the Health Officer, was very active in this year. Of great interest and effort was the committee's work to insure that the closure of the mill would not result in any unforeseen hazardous material emergencies or other adverse actions on the mill property that would result in a community

emergency. Police and Fire department members of the committee were instrumental in insuring the community involvement with the hazard and security issues on site. The actions of September 11 brought all public health services and emergency management services to a quick awakening that we are living in a new world filled with new and unpredictable dangers. Terrorism, biological and chemical weapons were at the fore for days and weeks following the initial attack in New York. The Health Department, the Emergency Management Committee and other local providers such as the Berlin Emergency Medical Service (ambulance services) and the Androscoggin Valley Hospital worked comprehensively as a committee to work through these challenging days to insure community preparedness.

The Berlin Public Health department offered service to citizens in dealing with a wide variety of public health and safety concerns. The inspection division of the department was kept very busy with a variety of citizen complaints. Typical inspections provided by the department include foster care homes, day care programs, animal complaints, sanitation complaints, and a variety of public restaurant and business inspections.

Our public health clinic was very active throughout the year. In an effort to provide free or low cost health education, information, and health management screenings to the community, our clinic staff brought these testing programs to the public at the Berlin Senior Health Fair, the Drive in the 50's, at the Holiday Center, and to monthly clinics at Walmart. At our Main Street offices, public health nurses assisted walk in customers with blood pressure monitoring, drug administration, immunizations, health education and preventive health services, children's health issues and school re-admission issues following communicable disease issues. Although some of these options are fee based, a wide variety of services were provided at no expense to our citizen patients. The clinic, under the direction of the Nursing Supervisor, is very active in providing a wide variety of preventative clinics to the community. Benefitting from advancements in testing procedures the department is able to offer monthly on site cholesterol testing and blood sugar testing. By assisting citizens in monitoring chronic health conditions, the department is playing a supportive role in the provision of preventative health care to the community.

Home health services to home bound patients has been a hallmark of the Berlin Health department for many years. With the ever rising cost of health care and hospital services, the trend towards patients needing home care is always on the rise. The services can consist of skilled nursing care, specialty therapy care, home health aides, or hospice service - all provided by the Berlin Health Department and all billable by our office to your insurance carrier. Once again, as has been the case in recent years, the nursing and billing staff went through extensive training to master the new Medicare guidelines. The home health service provides services under private pay, private insurances, Medicare, and Medicaid. With continuing success, the staff has been able to stabilize our patient count and reimbursement levels to insure a healthy future for the visiting nurse component of this department.

Even in challenging times of local and global crisis, the Berlin Health Department and Home Health Nursing Program continue to provide important services to the community. With the ever changing face of health care and global security, the service areas of home health care, public health services, and emergency management will continue to be a growing and dynamic part of this important municipal service.

Respectfully Submitted,

Laura Lee Viger

Community Services Director

Immunizations and Tests	
Hepatitis B - Adult	10
Hepatitis B - Teen	14
Mantoux (TB) tests	300
IVP.OPV	1
MMR	16
TD	10

Medical Clinical Services	
Office Patients	617
Office Visits	792

Clinic Attendance Record	
Flu Vaccine	319
Immunization Clinic	21
Cholesterol Clinic	214

Public Health Nursing Services	
Home Nursing Visits	2885
Home Nursing Patients	214
Physical Therapy Visits	220
Occupational Therapy	141
Speech Therapy Visits	3
Home Health Aide Visits	2,554

Walk-In Clinic	
Blood Pressure Check	596
Diabetes Screening	30
Head Lice Check	148
Community Outreach & Ed	240

City of Berlin
HEALTH DEPARTMENT
 City Hall, 168 Main Street
 Berlin, NH
 752-1272

FREE IMMUNIZATION CLINIC

Monthly immunization clinics are held on the 2nd Tuesday of each month at the Health Department, from 9-11:30 a.m. and 1:30-3:30 p.m. Pre-registration is not required. The clinic is for children two months of age and over.

COMMUNITY SERVICES DIVISION WELFARE DEPARTMENT

After September 11, 2001, when the economy slowed because of the aftereffects of the tragic events of that day, the people of Berlin, though shocked and grieving, experienced an even greater financial burden than they had shouldered before. With the closing of the Mills, decrease in tourists, mild winter and lagging economy, it became an even greater struggle for many people to meet their family's basic needs. The State of New Hampshire mandates that each municipality in the State must have local welfare to assist with basic needs to include those things such as shelter, food, medication, heat, electricity and other necessary utilities. If there are other programs offered by Federal, State, or local agencies that can assist, then the Department requires that applicants also seek assistance from these sources. Thankfully, many caring individuals and companies also came forward and offered much needed aid to families in our area through food donations, Thanksgiving baskets, Christmas baskets and presents, financial assistance with medical needs and other basic needs. The City Welfare office is grateful to those agencies who helped administer and distribute these donations and funds. However, there are many who were assisted by the City with their basic needs. Assistance is issued in the form of a voucher as per the guidelines set forth by City Council and State mandate. At no time is cash assistance ever granted.

Each person who contacts the City Welfare office for assistance is required to complete an application process that includes required proof of income, assets, and basic needs, etc. If assistance is granted and the individual is physically able to work, he or she is scheduled to work on the City's Work Program and to do a job search. A Notice of Decision informs the recipient of the type and amount of assistance they qualify for, and along with a First Notice as required by the State, tells them what is required of them in order to receive continued assistance. If these requirements are not met or if the individual does not complete the Work Program hours, then the individual is suspended from receiving further assistance for seven days, fourteen days if suspended

more than once during a six-month period, and until such time as they fulfill the requirements. The Department also makes referrals to programs that offer educational workshops and long term counseling that should alleviate the need for families to apply again for assistance with this department.

In the prior fiscal year, July 1, 2000 to June 30, 2001, \$19,688 had been expended in Direct Assistance. In this fiscal year, July 1, 2001 to June 30, 2002, the amount increased to \$27,879. The Department's good relationship with other local agencies and the local Department of Health and Human Services office helped in keeping the amount of Direct Assistance from sky rocketing during this financial crisis. The Department does its best to work with these agencies to help qualified individuals become accepted on any program for which they are eligible. In order to help the City during its financial crisis, the City contracted the services of the Welfare Administrator for six weeks in March and April to the Town of Conway on Tuesdays and Thursdays. This required creative planning, organization and great time management on the part of the Welfare Office, as well as support and initiative internally, in order for the situation to work. The Department recovered \$9,662.76 from Federal and State programs and individuals who reimbursed the department upon becoming more secure financially, in conjunction with the amount received from Conway for the contracted services.

The Welfare Department would like to offer thanks to all the individuals and agencies who worked with us over the last fiscal year to meet the needs of the populations we serve. Furthermore, we wish to extend our appreciation to those agencies and offices who accept workers on the City Work Program for their continued support and cooperation with this department. The City of Berlin will "Never Forget" the support and assistance it received during its financial hardship just as the Nation will "Never Forget" the tragic events that changed us all forever.

Respectfully Submitted by:

Angela C. Martin-Garone

Administrator of Welfare

The following are statistics gathered for the July 1, 2001 to June 30, 2002-fiscal year:

Activities	Total 2001	Total 2002
Office Visits	1467	1930
Cases Interviewed	201	264
Number of Welfare orders issued	406	480
Number of Single People Assisted	49	49
Number of Families Assisted	18	14
Number of assisted people having lived in Berlin over 1 year	29	32
Number of Assisted people having lived in Berlin less than 1 year	37	31

Work Program Statistics	Total 2001	Total 2002
Number of Cases who worked on the Work Program	26	30
Number of Hours worked on the Work Program	671	1681

The Welfare Department managed to more than double the number of hours worked on the Work Program bringing the total up to 1,681 from the 671 the year before.

The breakdown of assistance is as follows:

Assistance	Single Persons	Families
Housing/Rent/Emergency Shelter	34	8
Food/Personal Needs	20	5
Medication/Medical	14	0
Fuel/Oil/Propane/Kerosene	0	0
Electric	13	1
Telephone (with Doctor's Note)	2	0
Water	0	0
Transportation to place of origin	2	0



Food Pantries

In these times of hardship many agencies offer some form of relief and assistance. Here are a list of local food pantries that offer assistance to anyone in need of food.

Community Action Program Food Pantry

Monday-Friday 1-3 p.m.

Maynesboro Street

Salvation Army Food Pantry

Tuesday and Thursday 9a.m.-12 noon,

Friendly Kitchen Monday evenings

Salvation Army Building,

Cole Street

St.Kieran's Food Pantry

Monday, Wednesday, Friday

2:30 p.m.- 4:00 p.m.

Emery Street

Families in need may also seek assistance by signing up for Food Stamps at the Department of Health and Human Services office on Main Street, Monday-Friday (752-7800).

COMMUNITY SERVICES DIVISION LIBRARY DEPARTMENT



The Berlin Public Library staff stood, along with the rest of the City and world as the unbelievable events of September 11th unfolded. The financial turmoil of the surrounding area due to the closing of the paper mill brought changes to the library. There was an increase in use of computers for job searches. College students working on career changes came to the library to do research, study and work on computers.

The library saw budget cuts along with the rest of the City; fortunately we were able to secure foundation money to help supplement our funds. Formerly funded projects were put on hold. The library staff continued to work on inventory for future automation. The library now has a reading corner due to the generosity of a patron. The spring also brought another change to the library. After 28 years of uninterrupted service, Yvonne Thomas retired as Head Librarian of the Berlin Public Library. Even after retiring, Yvonne continued to volunteer her time during the tough economic times. Her hard work and dedication is very much appreciated.

Due to the economic woes of Berlin, the children's department qualified for a grant from the Children's Literacy Foundation which donated books worth \$1,200 to benefit the children in the area. The 2001 CHILIS Summer Reading Program presented the theme, "Octipi Your Mind...Read." A total of

466 books were read during the six-week program. An average of 53 readers attended each week with seven volunteers helping out. To cap off the reading program at least 100 people attended and enjoyed the Diane Kordas: Romer Rhythm & Puppets Program, "Ocho's Ocean Adventure," which was presented at the Berlin City Hall Auditorium, and was well received by all.

A grant through the NH Humanities Council made it possible to present two lecture series. The Berlin Public Library in conjunction with the NH Community Technical College presented, in fall 2001, a three part series called "What is New Hampshire Reading?" which was well received. In the spring 2002, we presented a three part series called, "A Knight for Dark Days: Raymond Chandler & His Detective Philip Marlowe." The NHHC continues to provide funding for the series with in-kind participation by the librarians.

Continuing to serve the community, the Berlin Public Library has adapted to the changes in the City and will continue to do so in the future to provide the resources and services that are needed in the community.

Respectfully Submitted,

Denise Jensen

Head Librarian



BERLIN
NEW HAMPSHIRE



is a thriving and desirable community
where people work together, diversifying the
economy, promoting spiritual and cultural
heritage, protecting resources, increasing
educational opportunities, building a positive
self-image, and improving the quality of life.



www.ci.berlin.nh.us

Library Statistics 2001- 2002

Topics	Adult	Juvenile	Total
Generalities	54	19	73
Philosophy	154	20	174
Religion	55	19	74
Social Sciences	346	139	485
Languages	47	21	68
Natural Sciences	68	431	499
Useful Arts	1057	194	1251
Fine Arts	325	243	568
Literature	114	84	198
History	38	103	141
Travels	421	34	455
Biography	129	177	306
Videos	13,119		13,119
Recordings	19		19
Periodicals	2,205	80	2,285
Fiction	14,586	4,469	19,055
Compact Discs	100		100
Paperbacks	1,319		1,319
Totals	42907	6200	49107

Population Statistics

U.S. Census 2000

Total Population, 2000 Berlin/Coos County

Year	Berlin	Coos County
2000	10331	33111
1990	11824	34828
1980	13084	35014
1970	15256	34189

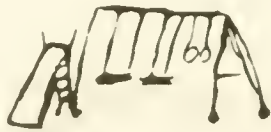
Population by Gender, 2000

Male	4922
Female	5409

Population by Age Group, 2000

Under age 5	529
Age 5 to 19	1914
Age 20 to 34	1590
Age 35 to 54	2965
Age 55 to 64	997
Age 65 and over	2336
Median Age	42.5

COMMUNITY SERVICES DIVISION BERLIN RECREATION & PARKS DEPARTMENT



During the past fiscal year the Berlin Recreation & Parks Department provided a wide variety of recreational services to the community. Part of the City's Community Services Division, the Recreation & Parks Department offered recreation and parks programs to children and adults, assisted in community projects and special events, and supported a variety of municipal and private activities and organizations in promotion of leisure services in the community. Always a challenging endeavor to provide quality recreational services to the community on a "shoe string" budget, this past year was no exception. With the closing of the local mill in late summer, the financial impact to citizens and municipal departments was felt by the Recreation & Parks Department. In the mid fall the department, along with other municipal services, took an 8% reduction in funds for the program year in progress.

This meant that major cost savings would need to be sought to insure that our programs would provide for citizens.

In an effort to assist in this funding crisis, the department maximized all donations and volunteer services available. Citizens were very generous with their time donating hours to programs that traditionally were staffed programs, donating supplies and equipment to programs, and generally offering support as available. The enthusiastic response the department received from contributors was gratifying. No major reduction of service was implemented and through careful expenditure monitoring and creative solutions to limitations, services remain strong and steady. Departmental staff were steadfast in their service and responsible utilization of municipal funds to achieve our departmental goals.

The department looks to continue to provide for the leisure needs of the community into the future.

Respectfully Submitted,

Laura Lee Viger

Community Services Director

BERLIN RECREATION AND PARKS SUMMARY OF PROGRAMS

SUMMER

Program	# of Participants	Price
Baseball, Babe Ruth	38	\$25.00
Baseball, Beginners (2 sessions)	22	\$30.00
Baseball, Farm League	104	\$30.00
Basketball Camp K - 4 th Grade	12	\$30.00
Community Gardens	13 lots	\$10.00
Jericho Day Camps (4 camps)	29	\$60.00
Jericho Picnic for Senior Citizens	15	\$5.00
Playground Programs (8 weeks)	252	free
Soccer Camp, K - 6 th Grade	36	\$30.00
Softball, Girls, Ages 9-12	45	\$30.00
Special Event - Fridays @ Jericho (8)	168	free
Tennis Lessons (2 sessions)	10	\$25.00

AUTUMN

Program	# of Participants	Price
Basketball, K - 1 st Grade	24	\$30.00

Program	# of Participants	Price
Crafts for Adults (2 sessions)	9	\$25.00
Crafts, Basic for Students (2 per week)	4 - 12 per day	free
Craft Fair, Holiday, 21 st Annual	15 spots	\$15/Berlin \$20/Other
Field Hockey, 2 nd - 4 th Grade	13	\$30.00
Gym, Open (minimum 3 per week)	10 - 50 per day	free
Little Tykes Playground (2 sessions)	22	\$3/class
Slimnastics	19	\$48.00
Soccer, K & 1 st Grade	23	\$30.00
Soccer, 2 nd & 3 rd Grade	44	\$30.00
Tumbling (2 sessions)	24	\$28.00

WINTER

Program	# of Participants	Price
Basketball, 1 st & 2 nd Grade	10	\$25.00
Basketball, 3 rd & 4 th Grade Boys	27	\$30.00
Basketball Tourney, 13 th Annual Coca-Cola	4 teams	\$25.00 Per team
Basketball, 3 rd & 4 th Grade Girls	15	\$30.00
Christmas School Vacation Events: 2 on 2 Basketball Tourney	30	\$2.00
Cosmic Bowling	11	\$10.00
Crafts, Basic for Students (2 per week)	4-12 per day	free
Craft of Month, Student (3 sessions)	12	\$25.00
February School Vacation Events: 2 on Basketball Tourney	32	\$2.00
Cosmic Bowling	28	\$10.00
Gym, Open (minimum 3 per week)	10 - 50 per day	free
Hockey, Bantam/Peewee	90	\$80.00
Hockey, Mites	34	\$105.00
Jogging/Walking	22	\$15.00
Ski/Snow Board Program	89	\$75.00 /lessons \$36.00 /Equip
Little Tykes Playground (4 sessions)	38	\$3/class
Slimnastics	16	\$48.00

SPRING

Program	# of Participants	Price
Jericho Day Camps (4 camps)	29	\$60.00
Jericho Picnic for Senior Citizens	15	\$5.00
Playground Programs (8 weeks)	252	free
Soccer Camp, K - 6 th Grade	36	\$30.00
Softball, Girls, Ages 9-12	45	\$30.00
Special Event - Fridays @ Jericho (8)	168	free
Tennis Lessons (2 sessions)	10	\$25.00

BERLIN PUBLIC SCHOOLS – SAU 3



VISION STATEMENT

Graduates of the Berlin Public Schools will be active, life-long learners who participate constructively in the civic, economic, educational, and cultural growth of their continually changing, information based, local and global communities.

MISSION STATEMENT

The Berlin Public Schools are committed to the belief that all students must be given appropriate opportunities to achieve clearly defined, meaningful and rigorous standards which include, but are not limited to those outlined in the New Hampshire Curriculum Frameworks. We further believe that the learner is the focus of all of our efforts and that the evolution of our programs will be guided by data that reflect what each learner knows and is able to do.

Each of the programs in the Berlin Public Schools will emphasize depth of understanding and the active participation of students in the learning process. We will capitalize on the power of technology as a motivational information source and as a problem-solving tool by integrating appropriate technologies within each program area.

Our vision cannot be attained if the Berlin Public Schools must act alone. We and our students are part of a larger learning community. Parents and the community at large must share in the responsibility to educate our youth. The community must provide the resources necessary to support the schools and must also help students value learning in all its contexts – within school and outside the formal educational setting. Community members can best help students see that the process of becoming a competent member of the local and global communities is one of continuous progress that lasts a lifetime.

The District Educational Improvement Plan (DEIP) was again revised and major improvement goals established.

DISTRICT WIDE IMPROVEMENT GOALS

1. Implementation of academic standards and curriculum frameworks in all subject areas, including the New Hampshire Curriculum Frameworks and the development of best practices for instruction and assessment of student performance.
2. Using technology as an educational tool to improve student learning.

3. Establishing high-quality learning environments, including improved facilities.
4. To assure the health and safety of Berlin children.
5. To revise and continue to improve our Professional Development Plan.

DISTRICT HIGHLIGHTS FOR 2001-2002

1. Despite severe budget reductions, some of our District Wide Improvement Goals continue to progress.
2. Many grants were obtained due to the generosity of many people and organizations. As a result much needed educational materials were secured.
3. Extra curricular activities continued and in some areas extraordinary results were achieved.
4. During a difficult year to SAU 3, employees united and concentrated on providing the best possible education for our students.

Listed are some of the accomplishments of each school.

Berlin Senior High School

1. Berlin High School's students and staff demonstrated diverse talents and met established goals during this very difficult year. The financial crisis limited resources and learning opportunities for our young people. However, our young people and their teachers dedicated their efforts and expertise to maximize learning for each young person. The loss of 28% of the property tax base upon the city and the closing of the paper mills for ten months directly impacted 147 of our approximately 600 students in grades 9-12 and one of every four households in Berlin. The support of the residents and businesses, the professionalism of the staff and initiative and effort of our students sustained learning.
2. A member of the Class of 2002 earned distinction as a *National Merit Scholar*. A sophomore and a senior gained national recognition for their scores in the *American High School Mathematics Examination*. Students in *Welding Technology* and *Family Career and Community Leaders of America* finished first in state competition and attended national events in Kansas City and Minneapolis, respectively. Musicians, singers and artists received recognition within our state and within the region.
3. Co-curricular activities offered our students and everyone in the community with the chance to set aside their worries. Our students tutored peers and mentored younger boys and girls in all our other schools. Athletes performed and fans filled the gymnasiums, arenas and fields. A member of the Class of 2002 finished first in the Class I track meet.

4. One hundred two members of the Class of 2002 graduated on June 14, 2002. Sixty-seven young women and men matriculated at two and four year institutions of higher education as the 2002-2003 year begins. Classmates enlisted in the military services and started their careers in business and industry. Throughout the school year, residents and businesses supported the school and students in all grades. They raised funds to sustain opportunities within the classrooms and co-curricular activities. Berlin High School staff and students appreciate the support for our school.

Berlin Junior High School

1. Curriculum: New textbooks were purchased for Science (Earth Science - Holt, Science & Technology), Mathematics (Algebra I - McDougal Littell) and Social Studies (The American Journey - Glencoe McGraw Hill). These texts promoted a more inquiry-based, student centered approach that actively engages the students in the teaching/learning process. The texts were grounded in a solid understanding of early adolescent development and learning. The faculty was encouraged to network within departments and within interdisciplinary teams.
2. Management: On July 1, 2001 the building principal of Hillside School also became the principal at Berlin Junior High School. A new assistant principal assumed the position at both facilities (Approved by the Berlin Board of Education at their meeting 5/24/01). A concerted effort was made to begin a dialogue between the Hillside School (grades 4, 5, 6) and Berlin Junior High School (grades 7 & 8) in science, language arts, mathematics and social studies. The content and focus was driven by the department chairs from BJHS and the Hillside team leaders. Emphasis was placed on referencing the proficiencies for each grade level.
3. Technology: Each classroom has at least one network-integrated computer workstation with access to the Internet. The main computer lab houses 21 network-integrated machines and our library houses another 10. All computers are lined to the district network allowing efficient transfer of information between individuals, classrooms, and schools.



Hillside School:

1. Curriculum: The Hillside faculty embraced the tenants of Literature Circles and Readers Theater to improve reading comprehension across the

curriculum. Our Reading specialist with the assistance of the Hillside Literacy Team, facilitated this endeavor. In addition, emphasis continued on writing instruction. The faculty continued promoting pre-writing graphic organizers and introduce the "four square" process for writing.

2. Management: On July 1, 2001 the building principal of Hillside School also became the principal of the Berlin Junior High School. A new assistant principal was named at both facilities. (Approved by the Berlin Board of Education at their meeting 5/24/01).
3. Technology: All classrooms have a minimum of three computer workstations that have access to the Internet. All classroom computers are also linked to the district network, allowing efficient transfer of information between individuals, classrooms, and schools.

Brown/Bartlett Schools

1. Math curriculum was streamlined to provide K - 12 continuity. Grade level exit tests were developed to measure what students know and what students are able to do at the end of each grade.
2. Reading and writing procedures and practices were formalized to include guided reading, use of running records, common core words and benchmark assessments.
3. Bartlett and Brown Schools are recipients of the Blue Ribbon Achievement Award for exemplary school volunteerism.
4. After school program called "Amigos" paired 45 elementary students with high school students to meet weekly for after school activities.

Marston School

1. The Kindergarten teachers participated with the mathematics teachers on a district-wide alignment of the math curriculum.
2. Kindergarten teachers worked cooperatively with a number of community and civic organizations to distribute donated items to families affected by the financial crisis of the city.
3. The school has an active role on the district's professional development planning committee in planning appropriate workshops in early childhood.

Submitted By:

R. Bruce MacKay

Superintendent of Schools

BERLIN POLICE DEPARTMENT



The mission of the Berlin Police Department is to provide community-oriented law enforcement designed to protect life and property, and maintain order, while assuring fair and equal treatment for all and continually enhancing the training and expertise of each member of the police force.

The financial plight of the City has placed a great strain on our ability to carry out our mission. During the past fiscal year, we cut our auxiliary force and school crossing guards, as the result of an 8% emergency budget reduction. Through the efforts of police administration, the leadership and guidance of the Police Commission, and the assistance of elected officials in Concord and Washington, D.C., we have managed to stay on course, to accomplish our stated mission.

The Department obtained C.O.P.S. grants for three officers, each funded at 90%. We previously had one position funded at 75%. Through an additional C.O.P.S. grant, we were able to obtain 100% funding for a School Resource Officer (SRO) in the Berlin Middle School. This enhances our commitment to community-oriented policing, working more closely with the school, students, and parents. This comes at a critical time, with calls for service having increased 18% during the past year and the population we serve becoming more diverse.

Training and enhancement of our resources must increase with this diversity. While the State of New Hampshire requires each officer receive eight hours of training each year, we at the Berlin Police Department surpass that number, recognizing that increased training and specialization of training make our Department better able to respond to those in need of our services. We have received equipment that allows us to fingerprint those who have been arrested and have the fingerprints digitally transmitted to the F.B.I. Additionally, this equipment allows us to digitally photograph each arrestee, and have the photo image digitally sent to and stored in our information management system. Digital photos related to incidents and arrests are now able to be stored with each corresponding case.

Our enforcement and officer safety have been augmented by a number of special grants that we have applied for and received from a number of sources. The grants for increased patrol and visibility include D.W.I. sobriety check points, D.W.I. patrols, bicycle patrols, and seatbelt patrols. Local Law Enforcement Block Grants for equipment include funds for the purchase of ballistic vests, radar equipment, and other technology-related items. Without these financial resources, our task would be much more difficult, and our ability to serve would be severely hampered.

In an effort to regionalize dispatch services in the Androscoggin Valley, the Berlin Police Department has reached out to the federal government and recently submitted an application for a \$500,000 grant, with that specific goal in mind. We have just received final approval and are looking forward to working with all communities in this valley. During the past year, we also received a C.J.I.S. grant, administered by the N.H. State Police and available to departments throughout the State. This \$73,000 grant enabled us to purchase mobile radios for each cruiser and eleven portable radios, all with digital capability. This will enable us to communicate with other agencies and departments. Additionally, we received new transmission equipment designed to work in conjunction with the aforementioned equipment, which gives us a state-of-the-art communications system.

In the spring of 2002, we held the "Call to Duty Memorial Ball," our first ball in over twenty years. It was a rousing success, the benefits of which will be used to construct a memorial to officers who have died in the line of duty. This will serve as permanent reminder of the sacrifices and dangers faced by those who put on their uniform each and every day, in the service of their community.

The past year has been a challenge, and we have responded to the challenge with a tenacious approach, searching for funding and determined not to stray from our mission. We have met those challenges. Our resolve to meet any and all such challenges remains strong. These efforts will enable us to remain progressive and allow us to carry out our mission for the safety and security of the citizens we serve.

STATISTICS

July 2001-June 2002

Total calls for service: 18,913. Total offenses committed: 1473; of those 98 were felonies, 264 involved weapons; 266 involved alcohol; 130 involved domestic violence, and 29 involved drugs. Total arrests: 811; of those, 99 involved domestic violence; 115 involved juveniles; and 78 were protective custodies.

AGGRAVATED ASSAULT	11
ARSON	3
BAD CHECKS	20
BURGLARY/BREAKING & ENTERING	22
COUNTERFEITING/FORGERY	23
CREDIT CARD/ATM	13
DESTRUCTION/DAMAGE/VANDALISM	201
DISORDERLY CONDUCT	19
DRUG OFFENSES	7
DRUNK/DISORDERLY CUSTODY	15
DUI ARRESTS	42
EMBEZZLEMENT	1
FALSE PRETENSES/SWINDLE	19
FAMILY OFFENSES	13
FORCIBLE FONDLING/FORCIBLE RAPE/SEXUAL	

ASSAULT/INCEST/STATUTORY RAPE	36
IMPERSONATION	1
INTIMIDATION	93
KIDNAPPING/ABDUCTION	4
LARCENY/THEFT	105
LIQUOR LAW VIOLATIONS	42
MV THEFT	9
PORNOGRAPHY	1
ROBBERY	2
RUNAWAY	54
SHOPLIFTING	17
SIMPLE ASSAULT	226
STOLEN PROPERTY OFFENSES	6
TRAFFIC OFFENSES	188
TRESPASSING	26
WEAPONS LAW VIOLATIONS	3
WELFARE FRAUD	1
ALL OTHER CRIMES	250

Respectfully submitted,

Alan Tardif

Chief of Police



GOAL:
\$30,000

CURRENT:
\$27,500



© Brodin Studios, Inc. Litchfield, MN; All Rights Reserved

FIRE DEPARTMENT



The Berlin Fire Department continues to provide outstanding services to the citizens of our community. The challenges of Fire Protection, Hazardous Materials related incidents and Response to Terrorism has been faced by the entire community. As a result, we have a highly efficient response system for emergencies that occur. Interest by citizens in community safety, fire safety prevention education of our children, and dedication of the Berlin firefighters in delivering emergency services, all go hand in hand in making our community an outstanding place to live.

In fiscal year 2001, our City survived the devastating effects of the closing of Pulp and Paper of America. We pulled together and showed the rest of the State how strong we are as a community. Then on September 11, 2001, our great nation showed the rest of the world how strong we are as a nation when the twin towers were attacked. On that September day, the world watched as New York Firefighters entered the structurally compromised burning twin towers. This selfless act saved an estimated 25,000 people. We all remember what we were doing on that day as we stared with disbelief at the loss of civilians, police officers EMS workers, and firefighters.

In fiscal year 2001, the Berlin Fire Department hired Randall Trull as its new chief to lead them into action. One firefighter, after passing the promotional procedures, was promoted to Lieutenant. As always the Fire Prevention Bureau continues to provide its excellent services to the community through public education programs throughout the City, in local businesses, schools and health care facilities. The continued training of the staff, as well as their dedication on duty insure a well prepared and professional fire department committed to customer service.

BFD Calls for FY02

Assist Police	9
Bomb Scare	1
Chimney Fire	7
Dangerous Situation	16
DHART	33
Electrical Fire	7
Electrical Problem	24
Explosion	1
False, Malicious	8
False, Unintentional	75
Furnace Problem	11
Leak/Spill	62
Lock Out	3
Medical Aid	7
Outside Fire	49
Rekindle	1
Rescue	11
Smoke Scare	37
Sprinkler Problem	1
Structure Fire	21
Vehicle Accident	46
Vehicle Fire	10
Water Problem	16
Service Calls	27
Total	483

Fire Prevention Bureau Inspections

Place of Assembly	23
Oil burners	45
L.P. Gas	13
New Construction	30
Wood Burner/Chimney	7
Health Care	9
Complaints Investigated	4
Industrial	6
Foster Homes	9
Daycare	2
Alarm Inspections	30
Misc Inspections	26
Public Education	19
Total	223

Respectfully Submitted,
Randall Trull
 Fire Chief



The year 2001 indeed will be one we will never forget. Of all the industries in the United States, aviation was hit the hardest. Not only the big carriers in metropolitan areas but small operations like the Berlin Municipal Airport were affected. The best way to gauge how busy we are at the Berlin Airport is with fuel sales. Our fuel sales for the fiscal year 2001 were down from the year 2000's first two quarters which end December 31st. During a period in September, general aviation was brought to a stand still and remained that way for weeks.

During the months that followed September, the Airport Manager attended several meetings that addressed terrorism at home and how to deal with it. Everyone was on edge and looking for answers to questions like how do we deal with a nation wide problem of making airports safer? How do we get the American people to fly again?

While all this was going on around us and being exposed to it every day on television, we had our own problems to deal with here at home with PPA closing its doors. Again more meetings, but this time on ways to cut our budgets within the City of Berlin.

I can say with pride that within the City of Berlin, we pushed forward and did what we

had to do to hold the "bottom line" and work for the future. Our fuel sales did bounce back, in fact our last quarter which ended on June 30th 2002 was better than 2001 by nearly 3000 gallons. The Berlin Municipal Airport continues to work to improve "OUR" airport.

We have two projects for the year 2002. One is to replace the runway end indicator lights on the 36 end of the runway. The other project is to replace 6 hazard beacon lights that are located on hilltops surrounding the airport. Once these projects are complete, we will have received well over a million dollars in federal grant monies during the last five years.

With the help of many, the Berlin Municipal Airport continues to provide first rate service to the aviation community and is a vital transportation link to New Hampshire's North Country.

Eric Kaminsky
Airport Manager

Directions to Berlin

From New York City & Connecticut
Interstate 95 to New Haven, then north on Interstate 91 to Woodsville, NH (exit 17), continuing via Route 302 to Littleton, NH and Route 116 to Jefferson NH, then east on Route 2 to Gorham then north on Route 16 (370 mi)

From Boston

North on Interstate 93 past Franconia Notch, NH to exit 35, follow Route 3 to Twin Mountain, NH and Route 115 to Jefferson, NH, then Route 2 East to Gorham, then north on Route 16

*** Alternate Route From Boston:**
Route 95 to Portsmouth, NH, then Route 16 to Berlin

From Portland

Maine Turnpike north to Exit 11, onto Route 26 Bethel Me, continuing on Route 2 west to Gorham, then Route 16 to Berlin

From Montreal

East on Autoroute 10 to Magog, Route 55 south to US Border, continue south on Route 91 to St. Johnsbury, VT and east on Route 2 to Gorham, then Rt. 16 to Berlin

From the North & West

Interstate 91 to St. Johnsbury to Route 2 east to Gorham, then Route 16 North to Berlin

ECONOMIC DEVELOPMENT

After several years of inactivity in the field of economic development and as a result of hiring a part time Economic Development Director, the City did see a considerable amount of business activity during 2002.

During the year, the City's efforts were coordinated with State recruiting strategies and the community was visited by executives from several companies. The City's economic development efforts have started to pay dividends with the arrival of two new companies to the Maynesboro Industrial Park

Both of these companies are involved in the manufacturing industry and turn out products not related to the paper industry. This is an important fact to take into account as we attempt to diversify the economic base of the region. These two businesses have hired local residents who in some instances were former employees of the paper mill.

The Economic Development Director continues to work very closely with the Berlin Industrial Development and Park Authority (BIDPA) giving that department some very important staff time and expertise. This seamless approach allows the City the ability to negotiate with prospects using a wide menu of services and opportunities ranging from seeking grants, to BIDPA owned real estate, to assistance with permitting.

During the coming year, it is expected that our overall economic condition will continue to improve with the start up of the pulp mill and the possible expansion by other existing companies. The City will also continue to work closely with the State at attracting new companies while we offer assistance to entrepreneurs and existing companies who are the backbone of our economic base.

Norman Charest
Economic Development Director

FINANCE/COLLECTIONS

The Finance Department is responsible for the City of Berlin's financial record keeping and reporting. A copy of the City's audited financial statements is included with this report. Vachon, Clukay & Co., P. C., of Manchester, NH, conducted the fiscal year ended June 30, 2002 audit.

In fiscal year 2002, the Finance Department issued 4,435 real estate tax bills (in May and again in December), 3,402 sewer bills, and 10,839 motor vehicle registrations. The Department takes in revenues for these items as well as for dog licenses, hunting and fishing licenses, and other City department revenues.

The Finance Department also serves as the Human Resource and Benefits Administrator for the City's 150 employees.

The Finance Department has a staff of five full-time employees: Anita Valliere, Assistant Comptroller/Tax Collector; Elaine Tremblay – Senior Collection Clerk; Lucille Lavoie – Accounts Payable Clerk; JoAnn Therriault – Payroll Clerk; and Sandra Fournier – Collections Clerk.

Respectfully submitted,

Blandine Shallow
Comptroller/Tax Collector



After 42 years of service to the City of Berlin, Aline Boucher (standing) hands over the position of Finance Director to Blandine Shallow.
Photo courtesy of *The Berlin Reporter*

TAX COLLECTOR'S REPORT

	2002 Real Estate Taxes	2001 Real Estate Taxes	2001TaxLiens	2000TaxLiens	Prior Years' Tax Liens	Sewer User Taxes
7/01/01 Uncollected Balance	0	2,915,197	0	1,535,409	445,861	395,170
Conversion to Lien See Note 2	0	-3,315,103	3,806,521	0		-251,565
Tax Warrants	6,161,715	6,512,842	0	0		1,139,113
Collections/Redemptions	-4,592,296	-6,109,889	-3,219,606	-1,303,515	-159,000	-1,151,220
Refunds/Overpayments	0	48,752	0			567
Liens - RSA - 72:38A	0	-3,114	0		-481	
Abatements/Deeds/Discounts	-52	-47,834	-205,896	-17,098	-16,166	-10,425
Uncollected Balance 6/30/01	1,569,367	851	381,019	214,796	270,214	121,640

Other Taxes and Interest Collected:

Interest (Taxes, Liens, Sewer)	\$250,765	Real Estate	\$3,315,103
Yield Taxes	12,407	Sewer User	251,565
Boat Taxes	517	Interest & Penalties	229,295
Excavation Taxes	760	Costs & Fees	10,559
	<u>\$264,449</u>		<u>3,806,521</u>

Note 2:

Respectfully Submitted,

Blandine Shallow

Tax Collector

Vachon, Clukay & Co., PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

We have audited the accompanying general purpose financial statements of the City of Berlin, New Hampshire as of and for the year then ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Berlin, New Hampshire's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note I, the general purpose financial statements referred to above do not include the financial statements of the General Fixed Asset Account Group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, except for the effects on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Berlin, New Hampshire as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2002 on our consideration of the City of Berlin, New Hampshire's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Berlin, New Hampshire taken as a whole. The combining financial statements listed as schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Berlin, New Hampshire. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

Wadsworth, Clark & Co. PC

December 4, 2002

[illegible]

LIABILITIES AND FUND EQUITY

Liabilities							
Accounts payable	\$ 223,120	\$ 67,200	\$ 46,207	\$ 336,527	\$ 497,534	\$ 834,061	\$ 1,008,266
Accrued liabilities	313,319			363,098	334,931	698,029	649,144
Retainage payable	5,400			5,400	117,295	122,695	239,545
Deferred revenue	6,655,689		113,063	6,768,752		6,768,752	5,047,225
Due to other governments				90,352	1,277,437	90,352	1,277,437
Due to other funds	1,937,157		11,494	2,079,920	2,079,920	2,079,920	3,032,923
Advance from other fund		57,989	\$ 64,306	80,000	80,000	107,828	120,000
Due to student groups				107,828		107,828	117,116
Payable from restricted assets							
Notes payable	3,122		103,927	3,122	3,122	3,122	3,380
General obligation debt payable						103,927	116,480
Capital lease payable				\$11,462,322	11,399,352	22,861,674	20,375,885
Other long-term obligations				280,145	25,199	305,344	310,814
Accrued compensated absences payable				-	2,967,347	2,967,347	5,209,593
Estimated liability for landfill closure and postclosure care costs			1,542,155	1,542,155		1,542,155	1,533,925
Total Liabilities	9,137,807	125,189	985,575	1,248,638	263,063	1,248,638	1,050,468
Fund Equity (Deficit):				24,472,186	13,547,685	39,813,844	40,092,201
Contributed capital			20,639,169	20,639,169	9,235,914	29,875,083	27,992,018
Retained earnings			1,155,375	1,155,375	7,552,009	8,707,384	8,679,926
Fund Balances:							
Reserved for endowments							
Reserved for encumbrances	61,989			139,103		139,103	136,553
Reserved for prepaid expenses	31,579			61,989		61,989	54,948
Reserved for advances				31,579		31,579	75,507
Reserved for special purposes			40,000	40,000		40,000	80,000
Unreserved	7,222			7,222		7,222	8,797
Designated	1,224,850	187,174		1,805,304		1,805,304	890,276
Undesignated	2,108,061	(47,732)		2,156,180	-	2,268,965	392,302
Total Fund Equity	3,433,701	139,442		2,614,870		2,614,870	38,310,327
Total Liabilities and Fund Equity	\$12,571,508	\$ 264,631	\$ 369,660	\$13,457,685	\$50,620,892	\$32,129,581	\$78,402,558

EXHIBIT B

CITY OF BERLIN, NEW HAMPSHIRE

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental and Similar Trust Fund Types

For the Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary Fund Types	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Expendable Trust	2002	2001
Revenues:						
Taxes	\$ 13,698,685				\$ 13,698,685	\$ 10,944,795
Licenses and permits	1,117,158				1,117,158	1,151,158
Intergovernmental revenues	8,267,540	\$ 939,833			9,207,373	8,228,242
Charges for services	1,537,626	530,746			2,068,372	1,947,462
Miscellaneous revenues	156,530	96,429	\$ 3,276	\$ 8,719	264,954	326,635
Total Revenues	24,777,539	1,567,008	3,276	8,719	26,356,542	22,598,292
Expenditures:						
Current:						
General government	2,286,491				2,286,491	2,038,501
Public safety	2,386,640				2,386,640	2,362,215
Airport/Aviation center		165,690			165,690	182,128
Highways and streets	1,261,826	1,985,444			3,247,270	1,947,776
Health and welfare	370,188	69,787		2,878	442,853	438,060
Sanitation	530,567				530,567	534,814
Culture and recreation	286,463	45,097			331,560	371,745
Education	9,885,327	709,608		2,170	10,597,105	10,391,488
Food service		418,824			418,824	407,888
Capital outlay	555,998	40,258	139,824		736,080	953,514
Debt service:						
Principal of debt	2,086,703	6,860			2,093,563	2,086,224
Interest and fiscal charges	1,035,500				1,035,500	1,208,939
Intergovernmental	1,264,565				1,264,565	1,222,881
Total Expenditures	21,950,268	3,441,568	139,824	5,048	25,536,708	24,146,173
Excess of Revenues Over (Under) Expenditures	2,827,271	(1,874,560)	(136,548)	3,671	819,834	(1,547,881)
Other Financing Sources (Uses):						
Proceeds of long-term debt		1,896,241			1,896,241	365,395
Capital lease proceeds					-	30,286
Operating transfers in		27,000			27,000	27,144
Operating transfers out	(27,000)				(27,000)	(27,144)
Total Other Financing Sources (Uses)	(27,000)	1,923,241	-	-	1,896,241	395,681
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,800,271	48,681	(136,548)	3,671	2,716,075	(1,152,200)
Fund Balances, as restated - July 1	633,430	90,761	441,902	116,711	1,282,804	2,435,004
Fund Balances (Deficit) - June 30 ¹	\$ 3,433,701	\$ 139,442	\$ 305,354	\$ 120,382	\$ 3,998,879	\$ 1,282,804

See notes to financial statements

EXHIBIT C

CITY OF BERLIN, NEW HAMPSHIRE

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - General and Special Revenue Funds
For the Year Ended June 30, 2002

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$ 12,441,072	\$ 13,673,609	\$ 1,232,537			\$ -	\$ 12,441,072	\$ 13,673,609	\$ 1,232,537
Licenses and permits	991,617	1,117,158	125,541			-	991,617	1,117,158	125,541
Intergovernmental revenues	8,212,235	8,134,383	(77,852)	\$ 843,505	\$ 939,833	\$ 96,328	9,055,740	9,074,216	18,476
Charges for service	1,600,897	1,537,626	(63,271)	321,945	356,833	34,908	1,922,842	1,894,479	(28,363)
Miscellaneous revenues	550,005	156,530	(393,475)	6,400	96,429	90,029	556,405	252,959	(303,446)
Total Revenues	23,795,826	24,619,306	823,480	1,171,850	1,393,115	221,265	24,967,676	26,012,421	1,044,745
Expenditures:									
Current:									
General government	2,220,760	2,286,491	(65,731)			-	2,220,760	2,286,491	(65,731)
Public safety	2,314,096	2,307,619	6,477			-	2,314,096	2,307,619	6,477
Airport/Aviation center				183,591	165,690	17,901	183,591	165,690	17,901
Highways and streets	1,408,320	1,261,302	147,018			-	1,408,320	1,261,302	147,018
Health and welfare	431,220	370,188	61,032			-	431,220	370,188	61,032
Sanitation	591,650	530,567	61,083			-	591,650	530,567	61,083
Culture and recreation	306,643	272,037	34,606			-	306,643	272,037	34,606
Education	9,854,000	9,853,136	864	603,505	709,608	(106,103)	10,457,505	10,562,744	(105,239)
Food service				400,000	418,824	(18,824)	400,000	418,824	(18,824)
Capital outlay	512,421	556,044	(43,623)	3,025	38,156	(35,131)	515,446	594,200	(78,754)
Debt service						-			
Principal of debt	2,086,703	2,086,703	-	8,083	6,860	1,223	2,094,786	2,093,563	1,223
Interest and fiscal charges	1,108,749	1,035,500	73,249	646		646	1,109,395	1,035,500	73,895
Intergovernmental	1,264,565	1,264,565	-			-	1,264,565	1,264,565	-
Total Expenditures	22,099,127	21,824,152	274,975	1,198,850	1,339,138	(140,288)	23,297,977	23,163,290	134,687
Excess of Revenues Over (Under) Expenditures	1,696,699	2,795,154	1,098,455	(27,000)	53,977	80,977	1,669,699	2,849,131	1,179,432
Other financing Sources (Uses):									
Operating transfers in				27,000	27,000	-	27,000	27,000	-
Operating transfers out	(27,000)	(27,000)	-			-	(27,000)	(27,000)	-
Total Other financing Sources (Uses)	(27,000)	(27,000)	-	27,000	27,000	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,669,699	2,768,154	1,098,455	-	80,977	80,977	1,669,699	2,849,131	1,179,432
Fund Balances July 1, 2001 - Budgetary Basis	1,097,532	1,097,532	-	53,817	53,817	-	1,151,349	1,151,349	-
Fund Balances - June 30, 2002 - Budgetary Basis	\$ 2,767,231	\$ 3,865,686	\$ 1,098,455	\$ 53,817	\$ 134,794	\$ 80,977	\$ 2,821,048	\$ 4,000,480	\$ 1,179,432

See notes to financial statements

EXHIBIT D

CITY OF BERLIN, NEW HAMPSHIRE

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances

All Proprietary Fund Types and Similar Trust Funds

For the Year Ended June 30, 2002

	Proprietary Fund Types				Totals		Totals	
	Enterprise Funds				(Memorandum Only)		(Memorandum Only)	
	Sewer Fund	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Fiduciary Fund Types	Primary Government	Component Unit	Reporting Entity
Operating Revenues:								
Charges for service	\$ 1,360,918	\$ 30,683				\$ 1,391,601	\$ 2,171,932	\$ 3,178,559
Intergovernmental revenue							141,908	131,627
Miscellaneous revenue		\$ 103,428				103,428	103,428	96,968
Investment income					\$ 9,787	9,787	9,787	19,009
Total Operating Revenues	<u>1,360,918</u>	<u>103,428</u>	<u>30,683</u>	<u>\$ -</u>	<u>9,787</u>	<u>1,504,816</u>	<u>2,313,840</u>	<u>3,426,163</u>
Operating Expenses:								
Personal services	339,150	23,805	10,361			373,316	657,464	965,448
Maintenance, operations and contractual services	317,497	46,229	940	214,042		578,708	169,926	436,402
Materials and supplies	177,599	42,520				220,119		208,868
Utilities	101,444		10,655	238		112,337		125,265
Depreciation	743,256	44,120	4,670	14,265		806,311	467,637	1,247,766
Amortization							2,646	2,646
Bad debts		36,825				36,825		36,825
Water supply								
Miscellaneous				9				
Total Operating Expenses	<u>1,678,946</u>	<u>193,499</u>	<u>26,626</u>	<u>228,554</u>	<u>12,633</u>	<u>2,140,258</u>	<u>316,679</u>	<u>369,639</u>
Net Operating Income (Loss)	<u>(318,028)</u>	<u>(90,071)</u>	<u>4,057</u>	<u>(228,554)</u>	<u>(2,846)</u>	<u>(635,442)</u>	<u>61,613</u>	<u>57,299</u>
Non-Operating Revenues (Expenses):								
Interest, net	(3,276)	(5,447)		10,600		1,877	(607,285)	(304,943)
Other income							95,449	50,902
Gain (loss) on disposal of asset								(73,019)
Bequests								525
Total Non-Operating Revenues (Expenses)	<u>(3,276)</u>	<u>(5,447)</u>			<u>2,550</u>	<u>2,550</u>		<u>525</u>
Net Income (Loss)	<u>(321,304)</u>	<u>(95,518)</u>	<u>4,057</u>	<u>(217,954)</u>	<u>(296)</u>	<u>(631,015)</u>	<u>(504,976)</u>	<u>(313,705)</u>
Add depreciation on plant assets acquired by grants externally restricted for capital acquisitions that reduces contributed capital								
	532,138					532,138		531,856
Increase/(Decrease) in Retained Earnings/Fund Balances	210,834	(95,518)	4,057	(217,954)	(296)	(98,877)	126,039	218,151
Retained Earnings/Fund Balances (Deficit) - July 1	834,774	526,810	115,016	(222,644)	355,579	1,609,535	7,425,970	8,817,354
Retained Earnings/Fund Balances (Deficit) - June 30	<u>\$ 1,045,608</u>	<u>\$ 431,292</u>	<u>\$ 119,073</u>	<u>\$ (440,598)</u>	<u>\$ 355,283</u>	<u>\$ 1,510,658</u>	<u>\$ 7,552,009</u>	<u>\$ 9,035,505</u>

See notes to financial statements

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
for the Year Ended June 30, 2002

	Proprietary Fund Types Enterprise Funds			Fiduciary Fund Types		Totals (Memorandum Only)	Totals (Memorandum Only)	
	Industrial Enterprise Funds	Development and Park Authority Fund	Courthouse Fund	Cities Hill Landfill Fund	Non- Expendable Trust Funds	Primary Government	Component Unit	Reporting Entity 2002 2001
Cash Flows from Operating Activities:								
Cash received from services	\$ 1,437,162	\$ 105,928	\$ 30,683		\$ 9,787	\$ 1,573,773	\$ 3,583,335	\$ 5,157,108
Cash received on trust investments						9,787	141,908	9,787
Cash received from State of New Hampshire	(954,679)	(123,833)	(21,956)	\$ (5,597)	(11,833)	(1,117,898)	(1,188,048)	(2,305,946)
Cash paid to suppliers and employees	482,483	(17,905)	8,727	(5,597)	(2,046)	465,662	2,537,195	3,002,857
Net Cash Provided (Used) by Operating Activities								
Cash Flows from Capital and Related Financing Activities:								
Proceeds of other long-term obligations							2,804,347	2,804,347
Principal paid on bond payable							(1,824,555)	(1,324,555)
Interest paid on bond payable							(595,648)	(595,648)
Principal paid on note payable		(12,553)				(12,553)		(12,553)
Interest paid on note payable		(5,447)				(5,447)		(5,447)
Advance on loan receivable		(13,050)				(13,050)		(13,050)
Principal paid on advance from other fund	(40,000)					(40,000)		(40,000)
Interest paid on advance from other fund	(3,276)					(3,276)		(3,276)
Acquisition of fixed assets	(173,293)					(173,293)	(5,417,311)	(5,591,024)
Net proceeds from sale of fixed assets								
Capital contributions	14,112							
Other non-operating revenues							2,416,162	2,430,274
Bequests							95,449	95,449
Net Cash Provided (Used) by Capital and Related Financing Activities	(202,457)	(31,050)			2,550	2,550		2,550
Cash Flows from Investing Activities:								
Net (increase) decrease in investment securities								
Interest on investments				10,600	(758)	(758)	(266,187)	(266,945)
Net Cash Provided (Used) by Investing Activities							57,613	68,213
Net Increase (Decrease) in Cash and Cash Equivalents							(208,574)	(198,732)
Cash and Cash Equivalents (Deficiency), July 1	280,026	(48,955)	8,727	5,003	(254)	244,547	(193,555)	51,192
Cash and Cash Equivalents (Deficiency), June 1	494,779	262,211	(20,221)	485,293	1,398	1,223,460	800,422	2,023,882
Cash and Cash Equivalents (Deficiency), June 30	\$ 774,805	\$ 213,256	\$ (11,494)	\$ 490,796	\$ 1,144	\$ 1,468,007	\$ 607,067	\$ 2,023,882

See notes to financial statements

EXHIBIT E
CITY OF BERLIN, NEW HAMPSHIRE
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds (Continued)
For the Year Ended June 30, 2002

	Proprietary Fund Types				Fiduciary		Totals		Totals	
	Enterprise Funds				Fund Types		(Memorandum Only)		(Memorandum Only)	
	Sewer Fund	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Total	Non-Expendable Trust Funds	Primary Government	Component Unit	2002	2001
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Net Operating Income (Loss)	\$ (318,028)	\$ (90,071)	\$ 4,057	\$ (228,554)	\$ (632,596)	\$ (2,846)	\$ (635,442)	\$ 637,875	\$ 2,433	\$ 12,830
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Depreciation	743,256	44,120	4,670	14,265	806,311	-	806,311	467,637	1,273,948	1,247,766
Amortization		36,825			36,825		36,825	2,646	2,646	2,646
Change in assets and liabilities:								5,680	42,505	194,764
(Increase) decrease in accounts receivable	76,244				76,244		76,244	69,991	146,235	(279,850)
Decrease in due from other governments	3,972				3,972		-	86,487	86,487	572,395
(Increase) decrease in prepaid expenses	2,027				2,027		3,972	3,972	3,972	(1,786)
Decrease in inventory							2,027	36,086	38,113	132
(Increase) decrease in bond fund receivables	(15,380)	(11,279)			(26,659)		-	1,249,245	1,249,245	(65,653)
Increase (decrease) in accounts payable	(9,608)				(9,608)		(26,659)	(716)	(27,375)	36,644
(Decrease) in accrued liabilities		2,500			(9,608)		(9,608)	(17,736)	(27,344)	(63,038)
Increase in deferred revenue					2,500		2,500	2,500	2,500	3,392
Increase in due to other funds						800	800	800	800	
Increase (decrease) in estimated liability for landfill closure and postclosure care costs										
Net Cash Provided (Used) by Operating Activities	\$ 482,483	\$ (17,905)	\$ 8,727	\$ 208,692	\$ 467,708	\$ (2,046)	\$ 465,662	\$ 2,537,195	\$ 3,002,857	\$ 1,638,646
Noncash Transactions Affecting Financial Position:										
Amortization of contributions in aid	\$ 532,138				\$ 532,138		\$ 532,138	\$ 532,138	\$ 532,138	\$ 531,856
Net book value of disposed assets					-		-	-	-	193,684
Fixed asset additions included in year end liabilities	\$ 532,138	\$ -	\$ -	\$ -	\$ 532,138	\$ -	\$ 532,138	\$ 585,058	\$ 1,117,196	\$ 902,688
										\$ 1,628,228

See notes to financial statements

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Berlin, New Hampshire conform to accounting principles generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies:

Financial Reporting Entity

The City of Berlin, New Hampshire (the "City") was incorporated in 1829. The City operates under the City Council/City Mayor form of government and performs local governmental functions authorized by State law.

The accompanying financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary fund types and similar trust funds types.

Accounting principles generally accepted in the United States of America (Governmental Accounting Standards Board Statement No. 14) require that all component units for which the City maintains financial oversight be included in the general purpose financial statements. Oversight responsibility is derived from a number of criteria including financial interdependency, selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. The relative importance of each criteria must be evaluated in light of specific circumstances.

Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed.

Discretely Presented Component Unit

The component unit columns in the combined financial statements include the financial data of the City's component unit, the Berlin Water Works. It is reported in a separate column to emphasize that they are legally separate from the City.

The Berlin Water Works, which was incorporated as a body politic in 1925, is included because the mayor, with confirmation of the City Council, appoints the Water Commissioners, and debt is issued by the City on behalf of the Berlin Water Works. Debt issued is backed by the full faith and credit of the City.

Separately issued financial statements of the Berlin Water Works may be obtained by writing to their Board of Commissioners at 55 Willow Street, Berlin, New Hampshire 03570-1883.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The various funds are summarized by type in the financial statements.

Individual funds and account groups summarized in the financial statements are classified as follows:

Governmental Fund Types

General Fund - used to account for all revenues and expenditures, which are not accounted for in other funds or account groups.

Special Revenue Funds - used to account for specific restricted revenues and expenditures for various purposes. The following funds have been accounted for as Special Revenue Funds:

Community Development Fund	Federal Projects Fund
Food Service Fund	Health Department Fund
Airport Authority Fund	Carberry Fund
Recreation and Parks Programs Fund	Public Works Retirement Buy Back Fund

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. The City accounts for the following construction projects in its Capital Projects Funds.

Wastewater Treatment Fund	East Milan Landfill Fund
City and School Capital Improvements Fund	Cascade Bridge Fund
Tondreau Recreation Bridge Fund	1997 School Bond Fund

Proprietary Fund Types

Proprietary Funds are used to account for the City's ongoing activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows.

Enterprise Funds - These funds account for the operations of the City's Sewer Fund, Industrial Development and Park Authority Fund, Courthouse Fund and Cates Hill Landfill Fund, which provide service on a user charge basis.

Fiduciary Funds

Assets held by the City in a fiduciary capacity or as an agent for individuals, private organizations, and other governmental units, and/or other funds for various purposes. Receipts and expenditures of each fund are governed by statutes, local law, or the terms of the gift.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trust Funds - Expendable trust funds (Home Nursing Trust Fund, Berlin Trust Fund and Miles Scholarship Fund) are accounted for in essentially the same manner as governmental funds. The non-expendable trust funds are accounted for and reported as proprietary funds since capital maintenance is critical.

The Public Works Pension Trust Fund has a fiscal year ended August 31 and is reported separately from other City funds. This fund unit should be included as part of the reporting entity in accordance with accounting principles generally accepted in the United States of America. The Pension Fund was terminated on May 28, 2002 and all assets distributed to the beneficiaries. Subsequently, all former members of this plan became members of the New Hampshire Retirement System as a result of a New Hampshire Court decision.

Agency Funds - Agency funds are used to account for assets held by the City in a fiduciary capacity for various student groups and the Berlin Water Works.

Account Groups

Account groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of general fixed assets and general long-term obligations, respectively. The following is a description of the account groups of the City.

General Fixed Asset Account Group - The City does not record the acquisition of fixed assets in the General Fixed Asset Account Group, as required by accounting principles generally accepted in the United States of America. Fixed assets acquired or constructed for general government services are recorded as expenditures in the fund making the expenditure. Funds used to acquire general fixed assets and/or debt service payments on borrowings in connection therewith are accounted for as expenditures in the year payments are made.

General Long-Term Debt Account Group - used to record the outstanding long-term obligations of the City, except for amounts accounted for in Proprietary Funds.

Basis of Accounting

The accrual basis is used for all proprietary fund types and non-expendable trust funds. The measurement focus of these funds is determination of net income, financial position and cash flows ("capital maintenance" focus). The City has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary operations.

Governmental funds utilize the modified accrual basis whereby revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available. (See Property Taxes for property tax accrual policies.)

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying governmental funds and enterprise funds financial statements reflect such transactions as transfers. Non-expendable trust funds report these transactions as revenues and expenses.

Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are intended to facilitate financial analysis. Interfund eliminations have not been made at arriving at the data and it is not intended to present financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.

Budgetary Data

The budget represents departmental appropriations as authorized by City Council. The City Council may transfer funds between operating categories as they deem necessary. The City adopts its budget under regulations of the New Hampshire Department of Revenue Administration, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types. Special revenue fund budgets are adopted only to the extent they interact with the general fund. Budgets for capital projects funds are adopted in the year the project is authorized and may extend over multiple accounting periods. Following is a reconciliation between the budget as presented for reporting purposes and the adopted budget.

CITY OF BERLIN, NEW HAMPSHIRE

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Total Appropriations at June, 2001		
City Council Meeting		\$ 24,679,087
Supplemental Appropriations		1,106,659
Budgeted abatements netted with		
property tax revenues		(125,250)
Perspective Differences:		
Enterprise Funds		(1,412,310)
General Fund operating transfer to		
Special Revenue Funds		27,000
Timing Differences:		
Continued Appropriations - June 30, 2001		274,641
Continued Appropriations - June 30, 2002		<u>(1,224,850)</u>
General Fund	\$ 22,126,127	
Special Revenue Funds	<u>1,198,850</u>	
Total Budget - Report Basis		<u>\$ 23,324,977</u>

Reconciliation of Exhibit B to Exhibit C

General Fund

Amounts recorded as budgetary amounts in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds (Exhibit C) are reported on the basis budgeted by the City. Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. General fund budgetary expenditures were adjusted for encumbrances and on-behalf payments for fringe benefits (see Note 6) as follows:

	Revenues <u>and Transfers</u>	Expenditures <u>and Transfers</u>
Exhibit B	\$ 24,777,539	\$ 21,977,268
Difference in property taxes meeting		
susceptible to accrual criteria	(25,076)	
Encumbrances, June 30, 2001		(54,948)
Encumbrances, June 30, 2002		61,989
On-behalf fringe benefits	<u>(133,157)</u>	<u>(133,157)</u>
Exhibit C	<u>\$ 24,619,306</u>	<u>\$ 21,851,152</u>

Special Revenue Funds

Accounting principles generally accepted in the United States of America require full budgetary presentation for all funds for which annual budgets are adopted. Under State regulation, budgets for Special Revenue Funds are adopted only to the extent they interact with the General Fund. The accompanying financial statements therefore present only partial budgetary activity for the Special

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Funds. Consequently, Special Revenue Funds shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds (Exhibit C) are reported on a budgetary basis which differs from the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental and Similar Trust Fund Types (Exhibit B), which is reported in accordance with accounting principles generally accepted in the United States of America, as follows:

	<u>Exhibit B</u>	Non- budgeted <u>Activity</u>	<u>Exhibit C</u>
Revenues	\$ 1,567,008	\$ 173,893	\$ 1,393,115
Expenditures	<u>3,441,568</u>	<u>2,102,430</u>	<u>1,339,138</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,874,560)</u>	<u>(1,928,537)</u>	<u>53,977</u>
Other Financing Sources:			
Proceeds of long-term debt	1,896,241	1,896,241	-
Operating Transfer In	<u>27,000</u>		<u>27,000</u>
Total Other Financing Uses	<u>1,923,241</u>	<u>1,896,241</u>	<u>27,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	48,681	(32,296)	80,977
Fund Balance - July 1, 2001	<u>90,761</u>	<u>36,944</u>	<u>53,817</u>
Fund Balance (Deficit) - June 30, 2002	<u>\$ 139,442</u>	<u>\$ 4,648</u>	<u>\$ 134,794</u>

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities and are detailed by fund type and function as follows:

	<u>General Fund</u>
Public safety	\$ 600
Highways and streets	5,131
Education	55,508
Capital outlay	<u>750</u>
	<u>\$ 61,989</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actually results may differ from those estimates. Significant estimates include the reserve for uncollected taxes and depreciation expense.

Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - The City pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	<u>Cash</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Totals</u>
Enterprise Funds:				
Sewer Fund		\$ 774,805		\$ 774,805
Industrial Development and Park Authority Fund		213,256		213,256
Courthouse Fund			\$ (11,494)	(11,494)
Cates Hill Landfill Fund		490,296		490,296
	\$ -	1,478,357	(11,494)	1,466,863
Non-expendable Trust Funds	1,144			1,144
	<u>\$ 1,144</u>	<u>\$ 1,478,357</u>	<u>\$ (11,494)</u>	<u>\$ 1,468,007</u>

Investments - Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable - Taxes levied during the current fiscal year and prior and uncollected at June 30, 2002 are recorded as receivables net of reserves for estimated uncollectibles of \$421,093.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items.

Inventory - The City accounts for inventories under the purchase method on a first-in, first-out basis. Inventories are recorded at cost.

Property, Plant and Equipment - Property, plant and equipment are valued at cost. The City uses the straight line method for charging depreciation in the Enterprise Funds. The following are the estimated useful lives used in determining the annual charge for depreciation.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	<u>Years</u>
Sewer Fund:	
Sewer System	50
Vehicles and equipment	3-10
Industrial Development and Park Authority Fund:	
Buildings and improvements	15-30
Vehicles and equipment	10
Courthouse Fund:	
Buildings and improvements	30
Cates Hill Landfill Fund:	
Vehicles and equipment	5

The City capitalizes interest costs during a project's construction period.

Deferred Revenue - Deferred revenue consists of measurable but unavailable amounts including property taxes, grant revenues, and amounts collected in advance to be recognized in future periods.

Accrued Vacation and Sick Leave - Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to City personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay. The total estimated value of accumulated compensated absences at June 30, 2002 is \$1,542,155 and has been recorded in the General Long-Term Debt Account Group. The current portion, if any, is not material to these financial statements.

Contributed Capital - Federal and State grants for the purpose of constructing enterprise fund assets are recorded as contributions to equity.

Revenues, Expenditures and Expenses

Property Taxes - Taxes are levied on the assessed value of all taxable real property as of the prior April 1 (\$290,339,223 as of April 1, 2001) and are due in two installments on July 5, 2001 and December 1, 2001. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the City.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Collected for Other Governments - In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which are remitted to the County as required by law. Taxes appropriated to Coos County for the year ended June 30, 2002 were \$1,264,565. The City bears responsibility for uncollected taxes.

NOTE 2--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

Special Revenue Funds - At June 30, 2002, the following special revenue funds were in a deficit financial position:

	<u>Amount</u>
Airport Authority Fund	\$ 27,554
Public Works Retirement Buy Back Fund	20,178
	<u>\$ 47,732</u>

The City's management intends to rectify the above conditions by transferring funds from the General Fund to offset the deficit positions.

Capital Projects Funds - At June 30, 2002, the following capital projects funds were in a deficit financial position:

	<u>Amount</u>
Cascade Bridge Fund	\$ 7,524
1997 School Bond Fund	20
	<u>\$ 7,544</u>

The deficits in the capital projects funds are the result of a temporary timing difference in expenditure and revenue recognition. The City intends to transfer funds from the General Fund to offset the deficit positions.

Enterprise Funds - At June 30, 2002, the following enterprise fund was in a deficit financial position:

	<u>Amount</u>
Cates Hill Landfill Fund	\$ 440,598

The deficit in the enterprise fund is the result of a temporary timing difference in expense and revenue recognition. The City intends to finance the remaining closure and postclosure care costs from the motor vehicle surcharge collected in the Cates Hill Landfill Fund.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 3--RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2002, the City was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The City currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

PRIMEX was organized to provide statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$300,000 for each and every covered claim.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2002.

NOTE 4--CASH AND INVESTMENTS

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

The City's investment policy for governmental fund types requires that deposits and investments be made in New Hampshire based financial institutions that are participants in federal depository insurance programs. Deposits are limited to demand deposits, money market accounts, certificates of deposit and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Agency Funds are at the discretion of the School Principals.

The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

At year end, the carrying amount of all the City's cash deposits, including Restricted Assets - Cash, was \$8,841,481 and the bank balance was \$8,778,799. Of the bank balance \$8,760,393 was covered by federal depository insurance or collateralized and \$18,406 was uninsured and uncollateralized.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 4--CASH AND INVESTMENTS (CONTINUED)

The City's investments are categorized to provide an indication of the level of risk assumed by the City of Berlin. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 included uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	Category			Carrying Amount
	1	2	3	
Certificates of deposit	\$ 225,789	\$ 11,511	\$ -	\$ 237,300
Investments in New Hampshire Public Deposit Investment Pool (NHPDIP)				734,419
Total Investments				\$ 971,719

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk.

NOTE 5--PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUNDS

The following is a summary of changes in the Proprietary Fund property, plant and equipment for the year ended June 30, 2002:

	Balance 7/01/01	Additions	Reductions	Balance 6/30/02
<u>Sewer Fund</u>				
Land	\$ 22,663			\$ 22,663
Buildings and improvements	33,502,705	\$ 225,699		33,728,404
Vehicles and equipment	745,079	5,929		751,008
Construction in progress	172,860	114,525	\$ (172,860)	114,525
	34,443,307	346,153	(172,860)	34,616,600
Less: Accumulated depreciation	(13,384,179)	(743,256)	-	(14,127,435)
	\$ 21,059,128	\$ (397,103)	\$ (172,860)	\$ 20,489,165
<u>Industrial Development and Park Authority Fund</u>				
Land	\$ 379,220			\$ 379,220
Buildings and improvements	888,063			888,063
Vehicles and equipment	135,242	\$ -	\$ -	135,242
	1,402,525	-	-	1,402,525
Less: Accumulated depreciation	(483,433)	(44,120)	-	(527,553)
	\$ 919,092	\$ (44,120)	\$ -	\$ 874,972

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 5--PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUNDS (CONTINUED)

<u>Courthouse Fund</u>				
Buildings and improvements	\$ 140,098	\$ -	\$ -	\$ 140,098
	140,098	-	-	140,098
Less: Accumulated depreciation	(5,060)	(4,670)	-	(9,730)
	<u>\$ 135,038</u>	<u>\$ (4,670)</u>	<u>\$ -</u>	<u>\$ 130,368</u>
<u>Cates Hill Landfill Fund</u>				
Vehicles and equipment	\$ 71,323	\$ -	\$ -	\$ 71,323
	71,323	-	-	71,323
Less: Accumulated depreciation	(2,377)	(14,265)	-	(16,642)
	<u>\$ 68,946</u>	<u>\$ (14,265)</u>	<u>\$ -</u>	<u>\$ 54,681</u>
<u>Totals</u>				
Land	\$ 401,883			\$ 401,883
Buildings and improvements	34,530,866	\$ 225,699		34,756,565
Vehicles and equipment	951,644	5,929		957,573
Construction in progress	172,860	114,525	\$ (172,860)	114,525
	36,057,253	346,153	(172,860)	36,230,546
Less: Accumulated depreciation	(13,875,049)	(806,311)	-	(14,681,360)
	<u>\$ 22,182,204</u>	<u>\$ (460,158)</u>	<u>\$ (172,860)</u>	<u>\$ 21,549,186</u>

NOTE 6--DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301.

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas teachers and general employees are required to contribute 5.0% of their covered salary. The City is required to contribute at an actuarially determined rate. The City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 5.33%, 6.61%, 2.58%, and 4.14%, respectively. The City contributes 65% of the employer cost for police officers, fire employees, and teachers, and the State of New Hampshire contributes the remaining 35% of the employer cost. The City contributes 100% of the employer cost for general employees. In accordance with accounting principles generally accepted in the United States of America (GASB #24), on-behalf

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 6--DEFINED BENEFIT PENSION PLAN (CONTINUED)

fringe benefits contributed by the State of New Hampshire of \$133,157 have been reported as a revenue and expenditure of the General Fund in these financial statements.

Under State law (RSA-100:16), plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the years ending June 30, 2002, 2001, and 2000 were \$379,822, \$386,838, and \$380,775, respectively, equal to the required contributions for each year.

NOTE 7--GENERAL DEBT OBLIGATIONS

Changes in Long-term Debt - The changes in long-term obligations for the year ended June 30, 2002 are as follows:

	Balance 7/01/01	Additions	Reductions	Balance 6/30/02
<u>Primary Government:</u>				
General obligation debt	\$ 11,750,885	\$ 1,200,000	\$ 1,488,563	\$ 11,462,322
Capital lease payable	371,709		91,564	280,145
Other long-term obligations	459,226	696,241	1,155,467	-
Compensated absences	1,533,925	8,230		1,542,155
Landfill closure and postclosure care costs	273,585		10,522	263,063
	<u>14,389,330</u>	<u>1,904,471</u>	<u>2,746,116</u>	<u>13,547,685</u>
<u>Component Unit:</u>				
General obligation debt	8,625,000	3,557,367	783,015	11,399,352
Other long-term obligations	4,750,367	2,804,347	4,587,367	2,967,347
	<u>13,375,367</u>	<u>6,361,714</u>	<u>5,370,382</u>	<u>14,366,699</u>
Total Reporting Entity	<u>\$ 27,764,697</u>	<u>\$ 8,266,185</u>	<u>\$ 8,116,498</u>	<u>\$ 27,914,384</u>

The financial statements as of June 30, 2001 did not include capital lease obligations of \$97,634 in the General Long-Term Debt Account Group. The above balances as of July 1, 2001 have been adjusted to properly reflect this long-term obligation.

General Long-term Obligations

General Obligation Debt - payable at June 30, 2002 is comprised of the following individual issues:

Primary Government:

\$3,200,000 State Guaranteed Sewer Construction Bonds due in
annual installments of \$95,000 - \$300,000 through July, 2004;
interest at 8.214%

\$ 580,000

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 7—GENERAL DEBT OBLIGATIONS (CONTINUED)

\$5,100,000 Deficit Funding Bonds due in annual installments of \$510,000 through July, 2009; interest at 4.5% - 5.25%	4,080,000
\$1,134,062 Landfill Closure Bonds due in annual installments of \$56,703 through November, 2016; interest at 4.48%	850,547
\$4,500,000 State Guaranteed School Improvement Bonds due in annual installments of \$300,000 through January, 2013; interest at 4.15% - 4.9%	3,300,000
\$1,500,000 School Improvement Bonds due in annual installments of \$100,000 through January, 2013; interest at 4.3% - 4.95%	1,100,000
\$1,200,000 State Guaranteed Sewer Construction Bonds due in annual installments of \$80,000 through July, 2002; interest at 5.4% - 8.1%	80,000
\$435,000 State Guaranteed Water Construction Bonds due in annual installments of \$30,000 through June, 2002; interest at 5.65% - 7.6%	25,000
\$1,450,000 State Guaranteed Sewer Construction Bonds due in annual installments of \$95,000 through January, 2003; interest at 5.75% - 7.75%	95,000
\$450,000 Fire Truck Bonds due in annual installments of \$45,000 through August, 2004; interest at 4.7% - 7.0%	135,000
\$69,275 Asbestos Grant Loan due in annual installments of \$5,000 through 2005 and \$1,775 in 2006	16,775
\$1,200,000 Public Works Bond Anticipation Note due in July 2002; interest at 2.50%	<u>1,200,000</u>
	<u>11,462,322</u>
<u>Component Unit:</u>	
Bond payable due in annual installments of \$150,000 through August, 2013; interest at 5.3% - 5.875%	1,800,000
Bond payable due in annual installments of \$150,000 through August, 2014; interest at 6.125% - 7.0%	1,950,000
Bond payable due in annual installments of \$305,000 through August, 2016; interest at 5.25% - 5.625%	4,270,000
State revolving loan payable due in variable annual installments of \$110,477 to \$14,462 through December, 2020; interest at 3.8%	1,475,966

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 7--GENERAL DEBT OBLIGATIONS (CONTINUED)

State revolving loan payable due in variable annual installments of \$142,470 to \$18,479 through November, 2020; interest at 3.8%	1,903,386
	<u>11,399,352</u>
Total Reporting Entity	<u>\$ 22,861,674</u>

Interest expense for the year ended June 30, 2002 was \$1,035,500 and \$664,898 on general obligation debt for the City of Berlin and the Berlin Water Works, respectively.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the individual capital lease obligations at June 30, 2002:

Equipment, due in monthly installments of \$4,708, including interest at 6.5%, through February, 2005	\$ 178,803
Equipment, due in annual installments of \$7,572, with no stated interest rate, through September, 2004	22,715
Equipment, due in annual installments of \$22,743, including interest at 6.1%, through August, 2005	<u>78,627</u>
	<u>\$ 280,145</u>

Other Long-Term Obligations

Component Unit:

As of June 30, 2002, the Berlin Water Works has drawn down on three State Revolving Loan Funds a total amount of \$2,967,347. These State Revolving Loan Funds were issued in the City's name. These loans are not scheduled to be repaid until the projects are completed and all of the funds needed have been drawn down.

Summary of Debt Service Requirements to Maturity

The annual requirements to amortize all outstanding long-term obligations as of June 30, 2002, including interest of \$2,476,952 and \$3,221,924 in the primary government and the component unit, respectively are as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 7--GENERAL DEBT OBLIGATIONS (CONTINUED)

Year Ending <u>June 30,</u>	General Long-Term <u>Debt</u>	Capital <u>Leases</u>	Component <u>Unit</u>	<u>Total</u>
2003	\$ 3,197,154	\$ 101,708	\$ 1,287,976	\$ 4,586,838
2004	1,716,304	103,938	1,251,857	3,072,099
2005	1,360,240	80,420	1,215,203	2,655,863
2006	1,264,887	22,743	1,177,969	2,465,599
2007	1,216,771		1,140,110	2,356,881
2008-2012	4,413,984		5,107,568	9,521,552
2013-2017	741,270		3,054,494	3,795,764
2018-2021			386,099	386,099
	<u>\$ 13,910,610</u>	<u>\$ 308,809</u>	<u>\$ 14,621,276</u>	<u>\$ 28,840,695</u>

The State of New Hampshire annually reimburses the City for its share of Sewer related debt service payments. For the year ended June 30, 2002, the reimbursement was \$257,025.

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City). Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded in the general long-term debt account group. The Commissioners of the Berlin Water Works have agreed to reimburse the City for the annual principal and interest payments on this debt. For the year ended June 30, 2002, the reimbursement was \$1,066,416, which consists of \$605,000 in principal and \$461,416 in interest.

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2002:

Public Works Retirement Buy Back	<u>\$ 10,000</u>
----------------------------------	------------------

The above debt was issued subsequent to year end (see Note 21).

NOTE 8--NOTES PAYABLE

The Berlin Industrial Development and Park Authority Fund is directly liable for several notes payable. The proceeds of the notes were used to construct buildings and improvements at the Industrial Park. Following is a summary of changes in notes payable for the year ended June 30, 2002:

Notes payable - July 1, 2001	\$ 116,480
Obligations retired	<u>(12,553)</u>
Notes Payable - June 30, 2002	<u>\$ 103,927</u>

Notes payable at June 30, 2002 is comprised of the following issues:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 8--NOTES PAYABLE (CONTINUED)

\$206,107 Note payable to Berlin Economic Development Council, Inc. secured by land and building due in monthly installments of \$1,500, including interest at 6.0%, through October, 2007	\$ 83,927
\$21,500 Note payable to Berlin Economic Development Council, Inc. secured by land and building due in a balloon payment in October, 2007, interest at 0%	20,000
	<u>\$ 103,927</u>

The annual requirements to amortize the notes payable as of June 30, 2002 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 13,327	\$ 4,673	\$ 18,000
2004	14,149	3,851	18,000
2005	15,022	2,978	18,000
2006	15,948	2,052	18,000
2007	16,932	1,068	18,000
2008	28,549	147	28,696
	<u>\$ 103,927</u>	<u>\$ 14,769</u>	<u>\$ 118,696</u>

NOTE 9--LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its two landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. An estimated liability has been recorded based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. These landfill closure and postclosure care costs are based on the amount of the landfills used. The estimated liability for landfill closure and postclosure care costs has a balance of \$1,248,638 as of June 30, 2002, which is based on 100% usage of the East Milan landfill and 100% usage of the Cates Hill landfill. The estimated liability for the closure and postclosure care costs of the East Milan landfill (\$263,063) and the Cates Hill landfill (\$985,575) has been reported in the General Long-Term Debt Account Group and the Cates Hill Landfill Enterprise Fund, respectively. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill is expected to be capped during fiscal year 2003. The estimated total current cost of the landfill closure and postclosure care of \$1,248,638 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2002. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The closure costs of the East Milan landfill were financed through the issuance of debt under the State of New Hampshire, State Water Pollution Control Revolving Fund Program. The remaining closure and postclosure care costs is expected to be financed from the motor vehicle surcharge collected in the Cates Hill Landfill Enterprise Fund. The City has also entered into an intermunicipal agreement with

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 9--LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

surrounding communities for the reimbursement of their share of the landfill closure and postclosure costs.

NOTE 10--DEFERRED REVENUE

General Fund - The City has recorded deferred property tax and other revenues collected in advance and recognizable in future periods as follows:

Semi-annual tax warrant due July 2, 2002	\$ 6,161,715
Taxes levied and not received within 60 day recognition period	<u>493,974</u>
	<u>\$ 6,655,689</u>

Enterprise Funds - Deferred revenue in the Enterprise Funds at June 30, 2002 consists of revenues collected in advance and recognizable in future periods as follows:

Sewer Fund	\$ 107,171
Industrial Development and Park Authority Fund	<u>5,892</u>
	<u>\$ 113,063</u>

NOTE 11--INTERFUND BALANCES

Interfund receivables/payables at June 30, 2002 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 140,763	\$ 1,937,157
Special Revenue Funds:		
Community Development Fund	2,683	
Federal Projects Fund	26,339	
Food Service Fund	72,085	
Health Department Fund	6,403	
Airport Authority Fund		37,811
Carberry Fund	7,472	
Recreation and Parks Programs Fund	20,568	
Public Works Retirement Buy Back Fund		20,178
Capital Projects Funds:		
Wastewater Treatment Fund	90,993	
East Milan Landfill Fund	114,853	
City and School Capital Improvements Fund	10,469	
Cascade Bridge Fund		14,920
Tondreau Recreation Bridge Fund	16,583	
1997 School Bond Fund		49,386

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 11--INTERFUND BALANCES (CONTINUED)

Enterprise Funds:		
Sewer Fund	774,805	
Industrial Development and Park Authority Fund	213,256	
Courthouse Fund		11,494
Cates Hill Landfill Fund	490,296	
Trust and Agency Funds:		
Home Nursing Trust Fund		6,174
Berlin Trust Fund	2,000	
Miles Scholarship Fund		2,000
Non-Expendable Trust Funds		800
Water Works Bond Agency Fund	90,352	
Total	<u>\$ 2,079,920</u>	<u>\$ 2,079,920</u>

NOTE 12--ADVANCE TO/FROM OTHER FUND

At June 30, 2002, \$80,000 was due to the Wastewater Treatment Capital Projects Fund from the Sewer Enterprise Fund. The Sewer Enterprise Fund makes annual principal payments of \$40,000 and interest.

NOTE 13--CONTRIBUTED CAPITAL - PROPRIETARY FUNDS

Changes in the contributed capital accounts in the Sewer Fund and the Industrial Development and Park Authority Fund are summarized as follows:

	Balance <u>7/01/01</u>	<u>Contributions</u>	<u>Reductions</u>	<u>Amortization</u>	Balance <u>6/30/02</u>
Sewer Fund	\$20,612,099	\$ 14,112	\$ (15,071)	\$ (532,138)	\$20,079,002
Industrial Development and Park Authority Fund	<u>560,167</u>				<u>560,167</u>
Total	<u>\$21,172,266</u>	<u>\$ 14,112</u>	<u>\$ (15,071)</u>	<u>\$ (532,138)</u>	<u>\$20,639,169</u>

NOTE 14--NON-EXPENDABLE TRUST FUNDS

The principal amounts of all non-expendable trust funds are restricted in that only income earned may be expended. Principal and income balances at June 30, 2002 are as follows:

	<u>Principal</u>	<u>Income</u>	<u>Total</u>
Cemetery Funds	<u>\$ 139,103</u>	<u>\$ 216,180</u>	<u>\$ 355,283</u>

NOTE 15--RESERVED FOR SPECIAL PURPOSES

The balance reserved for special purposes at June 30, 2002 is as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 15--RESERVED FOR SPECIAL PURPOSES (CONTINUED)

Unity Street Park	\$ 949
Sanitary landfill	6,273
	<u>\$ 7,222</u>

NOTE 16—UNRESERVED DESIGNATED FUND BALANCES

General Fund

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. Following are continuing appropriations at June 30, 2002:

General government	\$ 3,377
Public safety	17,474
Highways and streets	70,296
Health and welfare	5,800
Sanitation	2,000
Education	31,000
Capital outlay	1,094,903
	<u>\$ 1,224,850</u>

Special Revenue Funds

Community Development Fund	\$ 2,683
Federal Projects Fund	40,413
Food Service Fund	121,935
Health Department Fund	603
Carberry Fund	972
Recreation and Parks Programs Fund	20,568
	<u>\$ 187,174</u>

Capital Projects Funds

Wastewater Treatment Fund	\$ 90,993
East Milan Landfill Fund	114,853
City and School Capital Improvements Fund	10,469
Tondreau Recreation Bridge Fund	16,583
	<u>\$ 232,898</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 16—UNRESERVED DESIGNATED FUND BALANCES (CONTINUED)

Expendable Trust Funds

Home Nursing Trust Fund	\$ 93,105
Berlin Trust Fund	4,456
Miles Scholarship Fund	22,821
	<u>\$ 120,382</u>

NOTE 17—NET WORKING CAPITAL

The net working capital for the individual enterprise funds as of June 30, 2002 is as follows:

Sewer Fund	\$ 675,445
Industrial Development and Park Authority Fund	207,087
Courthouse Fund	(11,295)
Cates Hill Landfill Fund	(250,156)
	<u>\$ 621,081</u>

NOTE 18—TOP TAXPAYERS

The following are the five major property owners as they relate to the assessed property valuation of \$290,339,223:

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Fraser/GNE, LLC	\$ 45,000,000	15.50%
Public Service of New Hampshire	33,727,300	11.62%
Portland Natural Gas	10,797,600	3.72%
Individual taxpayer	1,765,300	0.61%
Doane-Ruggles Inc.	1,307,200	0.45%

NOTE 19—RESTATEMENT OF FUND BALANCE

The activity of the Water Works Bond Fund was previously accounted for as a Capital Projects Fund. The activity in this fund reflects the debt issued by the City on behalf of the Berlin Water Works, a component unit of the City. Accordingly, the activity of income generated and use of the bonded funds is now recognized in an agency fund in the City's financial statements. Fund balance of the Capital Projects Funds as of July 1, 2001 has been restated as follows:

Fund Balance - July 1, 2001 (as previously reported)	\$ 1,396,624
Amount of restatement	(954,722)
Fund Balance, as restated - July 1, 2001	<u>\$ 441,902</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE 20--CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects amounts, if any, to be immaterial.

NOTE 21--SUBSEQUENT EVENTS

Bond Issuance

During August 2002, the City issued a \$1,210,000 general obligation bond for the purpose of costs associated with the Public Works Retirement Buy Back. This bond has an interest rate of 3.0% - 3.5% and matures on August 15, 2007.

Bond Authorization

During August 2002, the City Council authorized the appropriation of \$8,342,200 for upgrading the City's wastewater treatment facility and sewage pumping stations. The funding is to come from the State of New Hampshire Revolving Loan Fund.

NOTE 22--GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure.
- A change in the fund financial statements to focus on the major funds.

The general provisions of GASB Statement No. 34 must be implemented by the City of Berlin no later than the fiscal year ending June 30, 2003. The retroactive reporting of infrastructure must be implemented no later than the year ending June 30, 2007.

The City plans to implement the general provisions of the Statement in the year ending June 30, 2003, and to retroactively report infrastructure in the fiscal year ending June 30, 2007.

MAYORS OF THE CITY OF BERLIN

The Honorable...

Henry F. Marston	1897-1899	Paul A. Toussaint	1947-1950
John B. Noyes	1899-1900	Aime Tondreau	1950-1957
Frank L. Wilson	1900-1901	Guy Fortier	1957-1958
Fred M. Clement	1901-1902	Laurier A. Lamontagne	1958-1962
John B. Gilbert	1902-1905	Edward L. Schuette	1962-1965
George E. Hutchins	1905-1908	Dennis Kilbride	1965-1966
Fremont D. Bartlett	1908-1910	Norman J. Tremaine	1966-1968
Daniel J. Daley	1910-1915	Earl F. Gage	1968-1970
George F. Rich	1915-1919	Norman J. Tremaine	1970-1972
Eli J. King	1919-1924	Sylvio J. Croteau	1972-1976
J.A. Vaillancourt	1924-1926	Laurier A. Lamontagne	1976-1978
Eli J. King	1926-1928	Leo G. Ouellet	1978-1982
Edward R. B. McGee	1928-1931	Joseph J. Ottolini	1982-1986
W.E. Corbin	1931-1932	Roland W. Couture	1987-1990*
O.J. Coulombe	1932-1934	Willard Dube	1990-1990
Daniel J. Feindel	1934-1935	Leo G. Ouellet	1990-1994
Arthur J. Bergeron	1935-1938	Yvonne Coulombe	1994-1996
Matthew J. Ryan	1938-1939	Richard P. Bosa	1996-1998
Aime Tondreau	1939-1943	Robert DePlanche	1998-1998
Carl E. Morin	1943-1946	Richard D. Huot	1998-2000
George E. Bell	1946-1947	Robert Danderson	2000-

* Change in election year and change in date oath of office is taken, as of October 5, 1987



CITY MANAGERS OF THE CITY OF BERLIN

Stanley Judkins	1962-1966
Joseph Burke	1970-1973
James C. Smith	1973-1978
Michael L. Donovan	1978-1983
Mitchell A. Berkowitz	1983-1998
George E. McMahon	1998-1998
Robert L. Théberge	1999-2002

